GreenPower Program Review

Public Consultation Paper, February 2015

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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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ROE are a leading sustainability strategy and communications agency. We are a team of creatives, strategists, designers, policy makers, social media gurus, and campaigners who have come together to help make sustainability more exciting, compelling, and relevant – for both people and businesses. We have worked on a number of the biggest sustainability campaigns in Australia, and we're also experienced in promoting green products to consumers and businesses. From this we have learned that green product communication needs to be simple, about more than 'green', and focus on the WIIFM (‘‘What's in it for me?’’) benefits.

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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 is examining the governance, funding, program rules, and marketing and promotions of the GreenPower Program. The Review will seek to identify a sustainable long-term governance and operating model for the Program.

This Public Consultation Paper provides all interested stakeholders with an opportunity to provide input to the Review. The options for the future of GreenPower presented in this Paper emerged from targeted consultation with industry stakeholders, particularly GreenPower Providers and Generators. We are now seeking broader feedback on these options from interested parties.

The Public Consultation Paper is designed as a stand-alone document, so that those who have not yet engaged with the Review have full background information on the GreenPower Program and its current performance and context. Stakeholders that have already read the Issues Paper prepared during 2014 or engaged in consultation activities already may wish to skip straight to the options for the future of GreenPower, which are outlined in Section 6

Submissions to the GreenPower Program Review should be directed via email to:

greenpower.admin@trade.nsw.gov.au

With the subject heading:

GreenPower Program Review Submission

Submissions will be accepted until 5pm, Friday 27 March 2015.

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- 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. Republic of Everyone (RoE) provided specialist marketing expertise to ISF. The aim of the Review is to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness. The Review is considering the current and emerging policy and regulatory context, consumer priorities and developments in the energy and carbon marketplace. In this context, it is examining the governance, funding, rules, marketing and promotions of the GreenPower Program. The Review will seek to identify a sustainable long-term governance and operating model for the Program.

The Review has undertaken targeted consultation with stakeholders during 2014. This Public Consultation Paper provides an opportunity for broader input into the Review and feedback on the options for the future of GreenPower identified thus far.

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.

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 an industry-funding 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. Any policy changes that undermine the additionality of GreenPower also potentially threaten the viability of the Program, as many customers place a high value on additionality.

Consultations to date indicate that the GreenPower Program is generally a well-designed Program that does not require wholesale redesign or restructuring. However, there are clearly opportunities to revise the 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 to date did see a need to reinvigorate the marketing and promotions of the Program, either through a relaunch of the existing brand or a rebranding exercise to reposition the Program to better fit the current context.

Options for the future of GreenPower

This Public Consultation Paper presents 36 options for the future of GreenPower, in seven categories. The options are listed below. Those that have received the strongest stakeholder support to date are in bold. For easy reference, the page number on which each option is discussed is also shown below.

Program aims			
A1	No change	Keep the aims as they are	28
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Stakeholder consultation

Stakeholder views are sought on the options presented in this Public Consultation Paper. Submissions should be provided in writing and refer to the relevant sections Paper. Stakeholders may wish to structure submissions by responding to the following questions:

- Which of the options presented in the Public Consultation Paper do you support?
    - If you have revisions to suggest to the existing options that would make you more likely to support them, please provide these
    - If there are particular elements of an option that you support, and others that you do not support, please indicate this
- Which of the options do you not support?
- Are there additional options that need to be considered?
- Do you have any other comments for the Review to consider?

Submissions to the GreenPower Program Review will be accepted until 5pm, Friday 27 March 2015 and should be directed via email to:

greenpower.admin@trade.nsw.gov.au

With the subject heading:

GreenPower Program Review Submission

1 INTRODUCTION

This section provides background on the National GreenPower Accreditation Program and the current 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 industry. 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.

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.

NSW DTI appointed the Institute for Sustainable Futures (ISF, University of Technology Sydney) to undertake a comprehensive Review of GreenPower during 2014. Republic of Everyone (RoE) provided specialist marketing expertise to ISF. The aim of the Review is

to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness. The Review is considering the current and emerging policy and regulatory context, consumer priorities and developments in the energy and carbon marketplace. In this context, it is examining the governance, funding, rules, marketing and promotions of the GreenPower Program. The Review will seek to identify a sustainable long-term governance and operating model for the Program.

To date the Review has 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 customers and non-customers
- A cross-sectoral Options Workshop on 11th July 2014 with a diverse cross-section of stakeholders
- Interviews with a small number of key stakeholders that had not been able to participate in other workshops.

The options for the future of GreenPower presented in this Paper emerged from the targeted consultation activities listed above. We are now seeking broader feedback on these options from interested parties. Section 7 outlines the preferred format for submissions.

1.3 Structure

The Public Consultation Paper 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
- Section 5 discusses the GreenPower Program as it is currently designed, focusing on governance, funding, program rules, and marketing and promotions
- Section 6 describes how options for the future of GreenPower have been developed and assessed during the Review, and outlines the options identified to date for consideration
- Section 7 invites submissions to the Review and describes the process for providing submissions
- Appendix A is a full list of organisations that have participated in the consultation to date
- Appendix B is the detailed marketing and communications review document prepared by Republic of Everyone.

If you are familiar with the issues presented or have engaged with this review in the above forums, you may wish to skip the detail presented in Section 1-5 and go directly to the options presented in Section 6.

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, 2014a).

The Program aims have remained 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 GreenPower sales were 1,446 GWh an estimated 0.6% of Australia's total electricity generation as of the end of 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-1999, and all currently accredited Generators meet this definition.

Figure 1. GreenPower Sales (MWh) 1997-2013

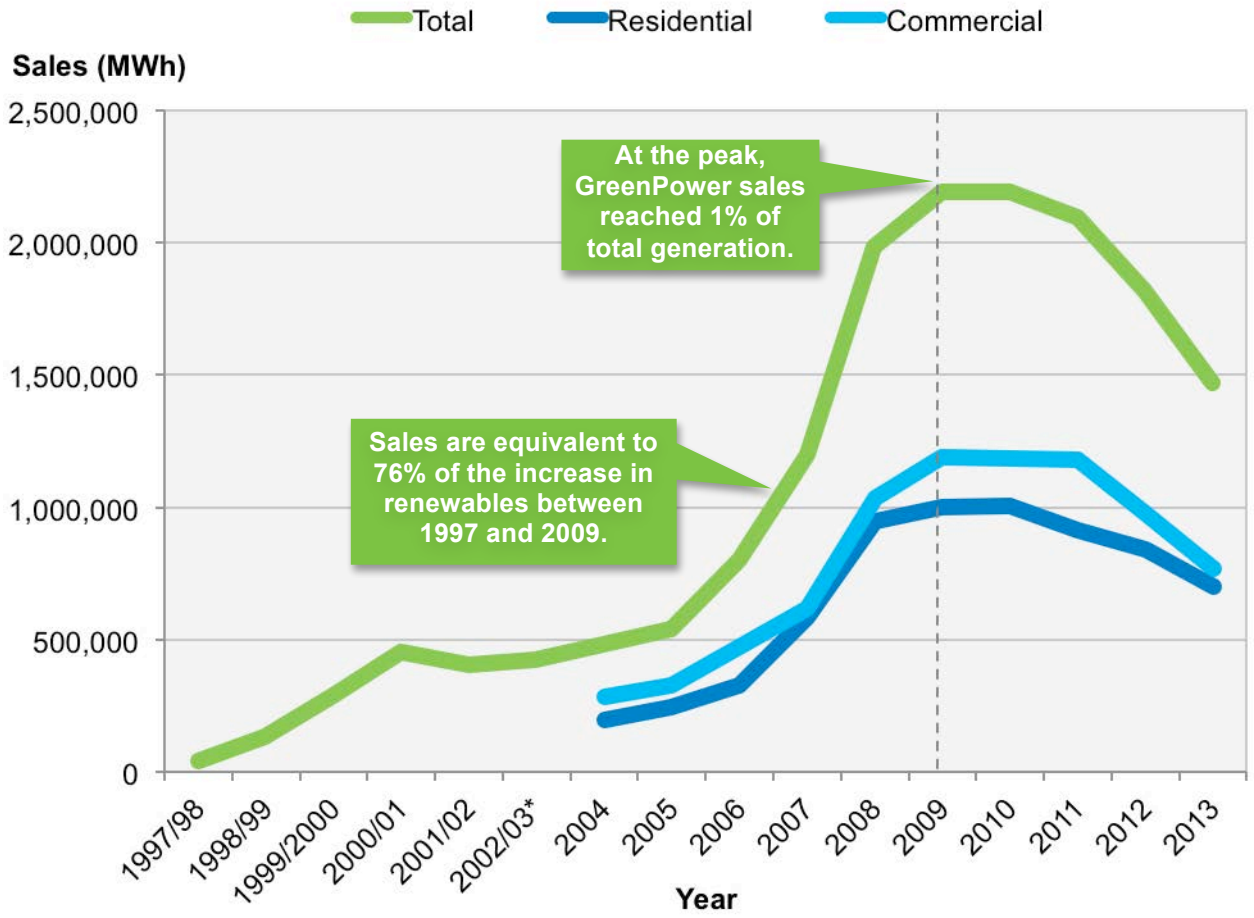


Figure 2 indicates that the number of new GreenPower Generators accredited each year has fallen over time. No new Generators were accredited in 2012 and only six in 2013. As a result, 85% of accredited Generators are now more than 5 years old. Other dynamics in the renewable energy market, such as reduced 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.

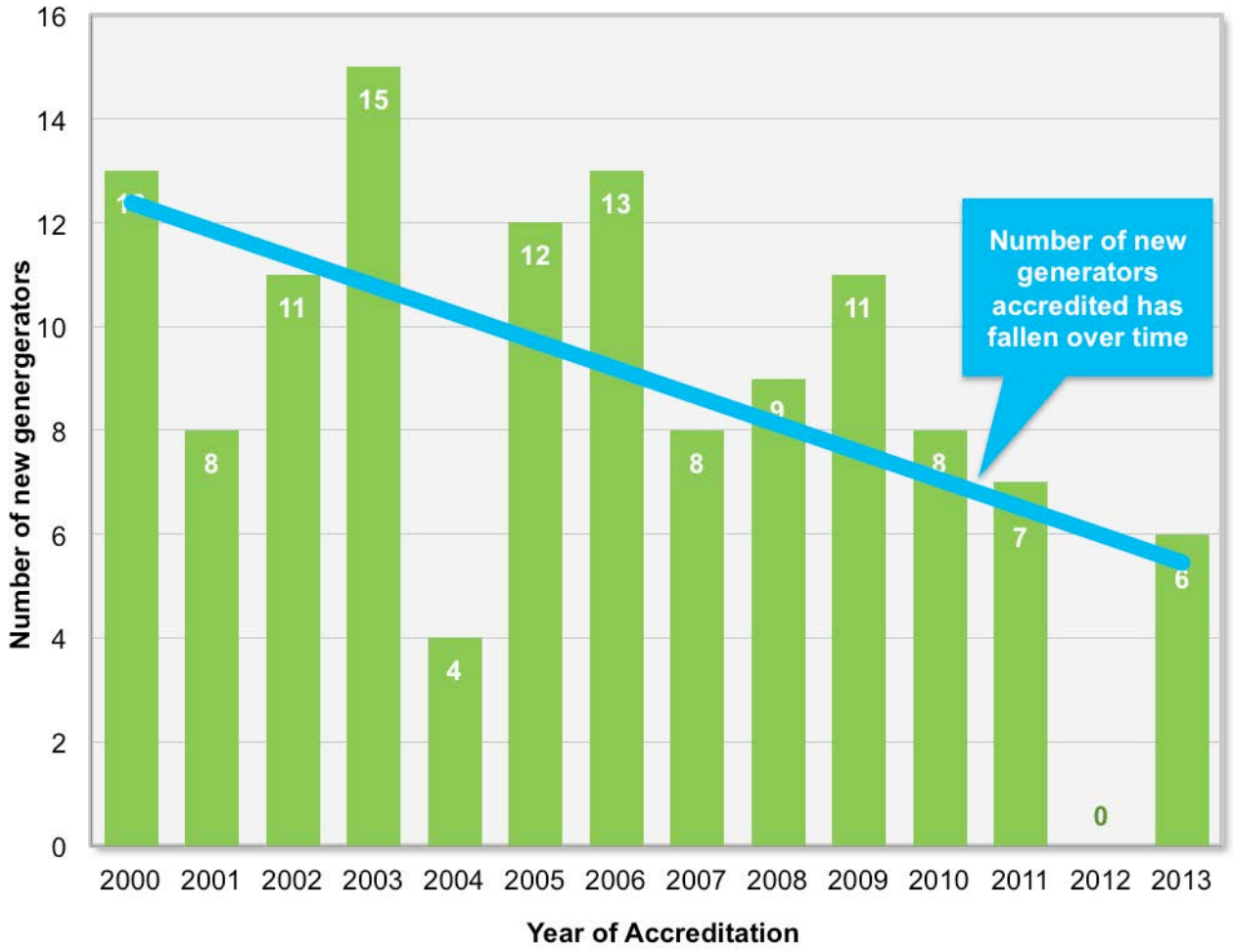
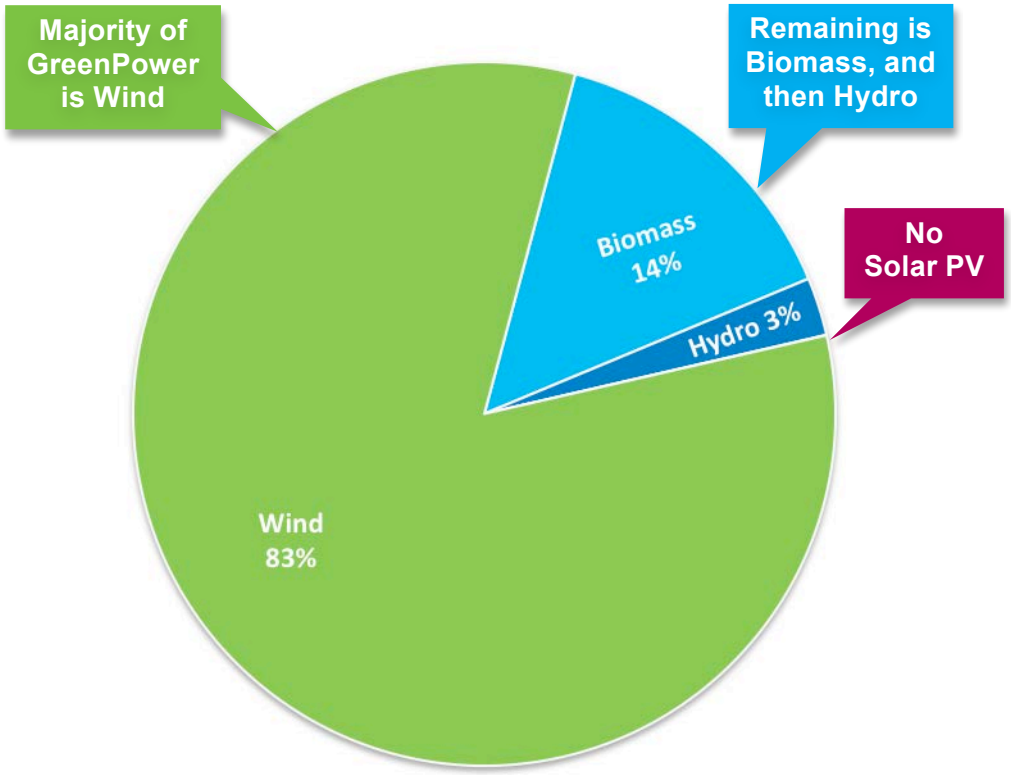


Figure 3 shows that the majority of GreenPower sold under the scheme is from wind Generators (83%), followed by biomass (14%) and hydro (3%).

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. While the aim is being met (since it is not quantified), performance against this aim is declining.

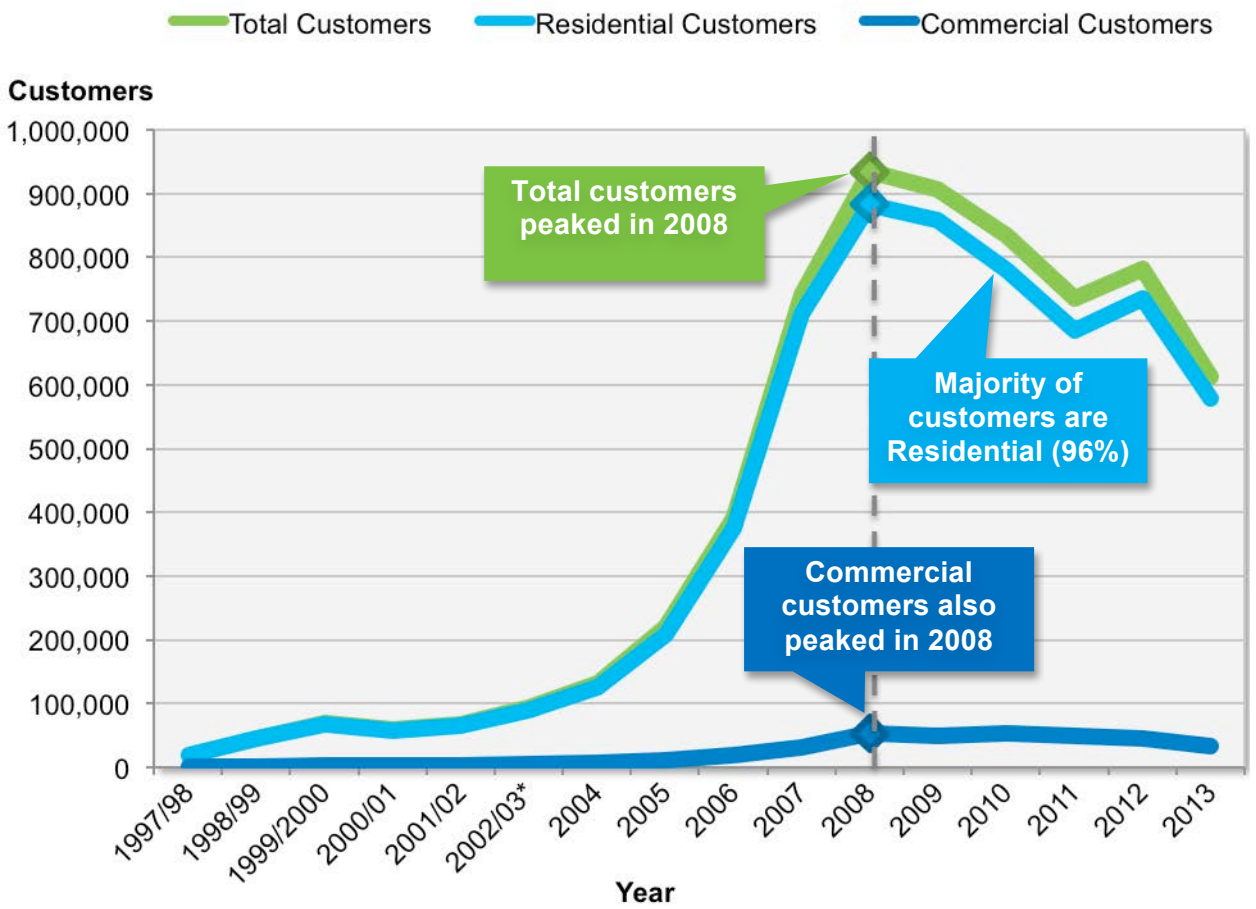
2.3 Growth in consumer demand for renewable energy

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 can be seen in Figure 4, customer numbers peaked in 2008[1], 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.

Despite the recent declines in customer numbers and sales, the fact that more than 600,000 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.

Figure 4. GreenPower Customer Breakdown 1997-2013[2]



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

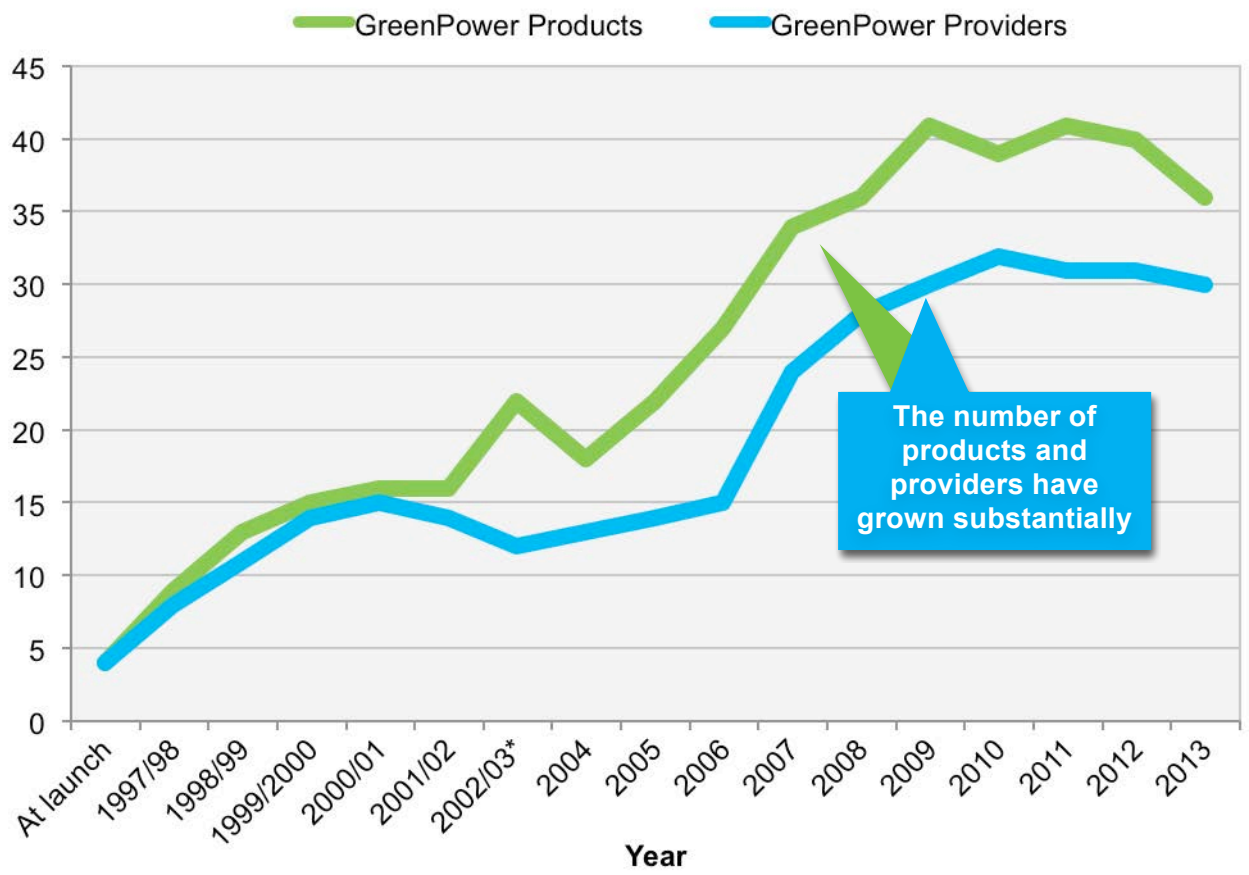
[2] 2008 breakdown of commercial and residential customer numbers was not available due to an anomaly in the collection process for that year. For these purposes it has been interpolated by using the average percentage of residential and commercial for the years 2007-2013 and applying this average percentage 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, 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%). The level of awareness of GreenPower increased between 1999 and 2008, to a peak of 52%, but fell between 2008 and 2011. Although awareness of the Program is lower than it could be, this should also be recognised as an opportunity. There may be an untapped market for GreenPower amongst those consumers that do not know about the Program. Central marketing of the Program has been limited in recent years and could be increased to reach these customers.

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.

Finally, while awareness of renewable energy and greenhouse issues may be high, awareness 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 6.3.

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 this, 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 Australia's international emission reduction commitments, or merely contributes to those commitments. This question of 'additionality' is important to many consumers. Many of those who voluntarily purchase GreenPower do so with the intention that they are contributing to

Australia doing more to reduce emissions than it otherwise would. A lack of clarity from the Australian Government on the treatment of GreenPower potentially undermines the credibility of the Program as an option for additional greenhouse gas emissions.

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. The next section considers how the changing context for GreenPower has contributed to declining support. Section 6.3 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 2.1, 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 increases 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). In this context, many consumers are more interested in findings ways to reduce their bills than paying the extra cost for a GreenPower product.

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. Information on the fuel mix of electricity products is generally hard to come by (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,[3] 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.

[3] http://www.edelman.com/insights/intellectual-property/2014-edelman-trust-barometer/trust-around-the-world/

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.[4] 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 and Queensland 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 on the market that are potentially confusing for consumers. Despite the existence of comparison sites like Energy Made Easy (https://www.energymadeeasy.gov.au), operated by the Australian Energy Regulator, it can be difficult to understand the differences between products. The pricing and structure of electricity offerings to consumers (including different tariff structures, contract lengths and GreenPower components) makes comparing electricity products an onerous task. GreenPower Products may get lost in the noise, particularly if the marketing push is behind other products. The situation is further complicated by the presence of numerous other retail switching and comparison sites operated by state governments or other

[4] http://ret.cleanenergyregulator.gov.au/Latest-Updates/2014/Australia-reaches-two-million-small-scale-renewable-energy-installations

organisations. None of these sites have yet emerged as the single respected source of comparison information.

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 2.1.

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 1000MW 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) has 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. For example, customers can voluntarily purchase carbon offsets accredited under the National Carbon Offset Standard (see Section 4.3) 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.[5] GoldPower is a global renewable energy label

[5] See http://goldpower.net.

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.

3.4 Summary

Clearly, 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 an industry-funding model. However, the aims of the Program remain unchanged and may need revision to match the current and emerging context.

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, 2014a). 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 Australian Government has failed to win the support of the Senate for any changes to the RET in response to these reviews. While the outcome remains uncertain, it appears likely that the LRET will still exist in the medium-term and it will still be possible to generate LGCs, which can then be used in the GreenPower Program. However, 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 will administer the ERF. Methods for estimating emission reductions under the ERF are under development.

None of the methods under development appear to make any mention of GreenPower as an acceptable form of emission reduction that could be claimed by bidders in the ERF auctions. 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 4.4.

4.3 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).

Under NCOS, purchases of GreenPower are treated as a zero-emissions electricity source and therefore 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.

4.4 A note on additionality

For some customers, it is important that their voluntary purchase of GreenPower achieves emission reductions that are above and beyond those achieved through existing government policies. Previous Australian 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 Australian 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 emissions reduction targets. This would be considered in 2015, as part of the design of the post-2020 architecture of the Direct Action Plan.

Clarification is needed from the Australian Government on whether purchases of GreenPower will be treated as additional to targets established under the ERF. The absence of such clarification threatens to undermine the GreenPower Program.

4.5 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.

4.6 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.

4.7 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). South Australia has purchased GreenPower for 20% of the Government's own electricity needs since 2008-09 and has a target to increase this percentage to 50% by 2014. The ACT Government also purchases a significant quantity of GreenPower.

However, other mandatory requirements have been discontinued. For example, the NSW and ACT Governments previously required that electricity retailers offer a 10% GreenPower Product to new or moving customers. This policy is no longer in place in NSW, although it still exists in the ACT. In Victoria, a requirement for government departments and public authorities to purchase a specified percentage of GreenPower was removed in 2012. 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.

4.8 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 CURRENT DESIGN OF THE GREENPOWER PROGRAM

This section discusses the GreenPower Program as it is currently designed, focusing on governance, funding, program rules, and marketing and promotions. The section also briefly summarises stakeholder input to date on the design of the GreenPower Program.

5.1 Governance

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 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 industry 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 has been established that includes representatives from the Energy Retailers Association of Australia, Clean Energy Council, WWF, Public Interest Advocacy Centre and NSW DTI.

Stakeholder comments

A consistent message from all stakeholders 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. Consequently, many stakeholders were satisfied with the current governance arrangements.

However, other stakeholders noted possible alternative governance arrangements to improve the Program. The current governance arrangements leave the Program somewhat vulnerable to shifting political priorities. Alternative governance arrangements proposed by stakeholders included:

- Governance of the Program by the Clean Energy Regulator (CER). 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.
- Establishment of a new non-government organisation or association to administer the GreenPower Program, with some continued government involvement through a Steering Group.

Neither option received strong endorsement from a majority of stakeholders.

Regardless of the overall governance structure, a strong majority of stakeholders supported the establishment of processes to more regularly engage and collaborate with industry (Providers and Generators), consumers and community representatives on the direction of the Program. Changes to the current stakeholder engagement model proposed by stakeholders included:

- Expanding the Steering Group for the Program to include selected stakeholder representatives, who would then have a direct role in decision-making
- Establishment of a separate advisory group or reference panel that would be consulted by the Steering Group on the direction of the Program but without decision-making powers.

Given the importance placed on independence and credibility by all stakeholders, greater involvement of industry stakeholders in Program governance needs to be carefully balanced to ensure appropriate representation and independence are maintained.

5.2 Funding

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 projected 2014/2015 GreenPower Budget (ex-GST) is $620,000 (NSW DTI GreenPower Budget Document, 2014).

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 industry 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 2005/6, industry consultation recommended a shift to full industry 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 industry funding. In 2012/13, the same fee structure was employed, but sales bands were adjusted to achieve full recovery of Program costs (see Table 1). 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.

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 1, the fees for 2013 were based on 2011 sales.

Table 1. 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/.

Stakeholder comments

Overall, stakeholders indicated that current fee levels were not excessive and some were willing to support fee increases to provide a larger central budget for marketing and promotion of the Program.

However, there would need to be a clear strategic direction for the Program and a strong business case for the additional funding.

Stakeholders stressed the importance of transparency of funding, i.e. reporting on how the Program spends funding from Generators and Providers. Stakeholders also argued that there should be a contractual obligation to pay fees so that the Program has options to enforce payment.

Some stakeholders were concerned about the equity of current fee arrangements. Generators proposed a fee structure based on generation volumes rather than capacity. This fee structure could be based on actual generation, rather than step-based, to further improve equity. However, such a system reduces funding certainty for the Program and introduces administrative challenges.

Some Providers wanted to see 'real-time' fees based on actual MWh sold in a particular year, while others stressed the importance of setting fees well in advance to avoid surprises. These are conflicting goals, so further input is needed on this point. Again, a real-time system would reduce funding certainty for the Program and introduce administrative challenges.

5.3 Marketing and promotions

Current arrangements

Marketing of the GreenPower Program is delivered jointly by NSW Trade and Investment (as Program Manager – Marketing) and the GreenPower Providers. However, the central marketing budget is very limited and little Program-wide marketing has been possible in recent years. The Program currently relies substantially on marketing by the Providers, particularly at the point of sale, to gain customer recognition.

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.

Stakeholder comments

During this Program Review, Republic of Everyone (RoE), a specialist sustainability communications agency, conducted a review 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. The findings of the review are provided in Appendix B. Based on its initial 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 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.

GreenPower Providers made numerous suggestions on ways to improve the marketing and promotion of the Program. These suggestions were largely consistent with RoE's recommendations. Providers pointed out that clarity around the Program objectives, its intended audience, and its relationship to other programs is critical for the development of an effective marketing and engagement strategy.

While some stakeholders argued that GreenPower needs to be completely rebranded to respond to the current context and capture new customers, most argued that a refresh of the brand and marketing strategy would be sufficient to address concerns. This would leave the logo intact but increase the focus on retaining existing customers and targeting appropriate market segments, such as apartment dwellers, tenants, and other customers for whom solar PV is not a viable option.

In relation to customer retention, most stakeholders supported measures to improve the customer experience and engage more strongly with existing customers. This could take the form of a GreenPower Community or Network, through which customers receive

regular feedback on the individual and collective impact of their investment. Such a Community could potentially provide for connections between customers as well. Numerous measures and mechanisms were identified that could contribute to this Community. These are described in Section 6.6.

In relation to targeting particular market segments, it was noted that GreenPower Providers hold data on the market segments that purchase GreenPower and these data are not currently available to the Program. Most Providers indicated support for providing more detailed data to the Program to assist in development of a strategy to build up the GreenPower brand.

In terms of building brand awareness, a range of factors were identified by stakeholders, many of which were subsequently tested with residential and business customers:

- Clear messaging about the Program which differentiates GreenPower from other related programs such as the National Carbon Offset Standard, highlights the independence and credibility of the government accreditation process and focuses on supporting the future of Australia in new industries and jobs, as well as environmental and social goals
- Clarity about what it means to invest in different percentage products in terms of overall contribution to renewable energy in Australia.

RoE sought customer views through a series of focus groups with residential and business customers and potential customers. Marketing and promotion of the GreenPower Program was generally seen as a key area for improvement. Many of the issues identified by Republic of Everyone above were echoed throughout the consultation process.

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 also explored the key themes and messages that appeal to stakeholders about GreenPower, and recommended the following key messages:

- 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.

Finally, one way to improve marketing and promotion of GreenPower is to develop and deliver more innovative GreenPower Products that deliver additional benefits, beyond renewable electricity. Option M7 in Section 6.6 provides further details on some of the product ideas that have emerged so far in the Review.

5.4 Program Rules

Current arrangements

The National GreenPower Accreditation Program: Program Rules (NSW DTI, 2014a) 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.

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, 2014a). 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. 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.

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 which require one Large-scale Generation Certificate (LGC) to be surrendered for each MWh sold (see criteria 3.7 of the Program Rules). As of 1 January 2011,[6] GreenPower only accepts LGCs from the LRET

[6] 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.

that are created by accredited GreenPower generators (known as GreenPower LGCs).

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.

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. However, Generators are required to submit a return in their first year of accreditation to account for part-year GreenPower eligibility, or where the Generator has received accreditation for an upgrade to an existing facility

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).

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 could be considered as part of this Review.

Stakeholder comments

Feedback specifically related to the operation and implementation of the Program Rules constituted a relatively small component of stakeholder feedback during this review, possibly reflecting the importance placed on the higher level questions of Program direction and positioning but also a general sense that the rules are operating satisfactorily.

Stakeholders did raise the need to improve clarity about how the GreenPower Program interacts with and relates to other national and state programs. In particular, a clear statement on the additionality of GreenPower purchases, as discussed in Section 4.4, was critical for many stakeholders.

Generator accreditation

Some stakeholders questioned whether the Program provides adequate processes for new, commercially viable technologies to be accredited. Mechanisms to allow for new renewable technology commercialisation or advances in supporting technologies could be included in the Program Rules. However, other stakeholders were of the view that maintaining alignment with the RET rules was the simplest way for the Program to provide clarity for Generators. Of course, the current Program rules are not totally aligned with the RET rules, as some generation types (e.g. waste to energy) are not eligible under GreenPower.

Stakeholder views were also mixed on whether the definition of 'new' generation should be changed to facilitate development of new power stations. Instead of defining new as post-1997, a rolling baseline of the previous 10 or 15 years could be adopted, effectively limiting the number of years that a Generator could access the Program. However, some stakeholders argued that this could lead to perverse sustainability outcomes, such as closure of older generators. Any rolling baseline would need to reflect the different lifetimes of different technologies and be balanced against the need for simplicity of the accreditation and compliance process.

Some stakeholders suggested simplifying the Program rules to allow small generators to more easily access the Program. See also Section 5.2 for discussion on a volume-based fee for Generators, which could provide more equitable access to the Program.

Product Accreditation

Some stakeholders questioned whether the requirement that GreenPower Products for residential customers contain a minimum of 10% GreenPower could be increased to improve the integrity of the Program and drive more investment in renewable energy. However a competing view was also raised in that providing a low (price) entry option makes GreenPower more accessible and appealing to a broader range of stakeholders who would otherwise not support renewable energy.

A suggestion that emerged during the consultation was that Providers could be required to establish their 'eco-credentials' as part of the Product accreditation process. The purpose of this would be to allow consumers to make informed choices about who to purchase their GreenPower from. In addition, more detailed data from Providers on the demographics of GreenPower customers would allow for more targeted marketing and awareness raising of GreenPower, its brand and objectives from a centralised source.

Auditing and Compliance

Some stakeholders acknowledged the progress achieved in recent years in streamlining the Program accreditation and auditing process and were happy with its current state.

Some feedback questioned whether the audit process that exists could be streamlined further while maintaining rigour and intensity by alternating between a sample audit and a full audit each year, which could potentially reduce costs for Providers. This solution has not been explored further at this stage, but could potentially reduce costs for the Program also.

5.5 Summary

The majority message from stakeholders so far is that the GreenPower Program is a well-designed Program that does not require wholesale change. There are clearly opportunities to make improvements to the governance, funding and rules of the Program so that it operates more efficiently and fairly. However, few stakeholders called for major redesign or restructuring of the Program. Most stakeholders did see a need to reinvigorate the marketing and promotions of the Program, either through a relaunch of the existing brand or a rebranding exercise to reposition the Program to better fit the current context.

6 OPTION IDENTIFICATION AND ASSESSMENT

This section summarises how the Review identified and assessed the diverse options for improving the aims, governance, funding, rules, marketing and promotions of GreenPower. It describes the main options in each of these areas for consideration by stakeholders.

6.1 Option development process

The options presented in this section are based on the targeted consultations with GreenPower stakeholders outlined in Section 1.2 and additional desktop research. Stakeholders raised many possible changes to the GreenPower Program during the workshops and interviews to date. The project team collated all of these proposed changes and grouped them into discrete options in five areas: changes to the Program aims; governance options; funding options; changes to the Program rules; and options for marketing and promotions. These options were used to develop six distinctly different scenarios for the future of the GreenPower Program.

The options and scenarios were presented to stakeholders for feedback at an Options Workshop on 11th July 2014. This led to further revisions, resulting in the options presented in this section. Some proposed changes to the Program were discarded along the way. Section 6.2 summarises the criteria used to inform decisions to discard an idea.

6.2 Option assessment criteria

We have assessed ideas and options against the following six criteria:

1. **Indicative cost:** This has not included detailed cost-benefit analysis. Instead, we have made a qualitative judgement of the cost impact of options relative to the existing Program budget. Some options potentially deliver cost savings, or are revenue-neutral. Others represent net costs to the Program budget but may deliver non-monetary benefits. These costs and benefits are discussed for each option.
2. **Jurisdiction:** While some options are under the direct control of the Program, others would require actions by other parties, such as the Australian Government, State and Territory Governments, regulators or industry bodies. The feasibility of options is likely to be higher when they are closer to the direct jurisdictional control of the Program.
3. **Stakeholder support:** The consultation to date has already provided a clear idea of the levels of support for different options from those closest to the Program – Generators, Providers, customers and administrators. This allows judgements to be made about the acceptability of each option.
4. **Scale of change:** The GreenPower Program has a large number of existing customers and stakeholders that value GreenPower. While there is a clear need for Program improvements, it is also important not to alienate existing supporters. It is therefore important to consider how disruptive different options would be for the Program. Some options essentially constitute new pathways that would lead to a significantly, or even radically different Program. Others constitute minor revisions that do not change the overall nature of the Program.
5. **Legal barriers:** While this Consultation Paper does not provide detailed analysis of the legal implications of different options, it

does raise apparent legal barriers that have emerged from the consultation or further analysis.

6. Environmental integrity: Finally, the risk that an option would strengthen or weaken the environmental integrity of the GreenPower Program is also considered.

During the option development process, some ideas were discarded if they clearly performed poorly against these criteria, particularly the 'stakeholder support' criteria. Those that remain are discussed in the sections below and the discussions incorporate assessments against each of the six criteria, where appropriate.

6.3 Program aims

The discussion in Section 2 indicated that the GreenPower Program can point to significant achievements against all of its aims[7], but the aims are mostly so broad that the exact contribution made by GreenPower is unclear. During consultation to date, stakeholders have proposed various changes to the Program aims to better reflect the current context. These proposals have been grouped into four options.

A1: No change

Keep the aims as they are.

While most stakeholders recognised that the aims are not perfect and it is difficult to measure the contribution GreenPower makes to the aims, some felt that no change was needed. They argued that all five aims are appropriate aspirations and GreenPower should seek to contribute towards them, even though it cannot achieve them alone.

A2: Update the aims

Revise the wording of the aims to better reflect Program strengths and the current context.

The most popular option with stakeholders to date is to revise and update the Program aims to better reflect Program strengths and the current context. Stakeholders identified key strengths of the Program as its flexibility, simplicity, credibility, and its support for Australian jobs and renewable energy industries. Stakeholders suggested removal of the aim to increase consumer awareness of renewable energy and greenhouse issues and addition of an aim to create tangible links between the Program and the customer. However, stakeholders also stressed the importance that any changes do not undermine the original intentions of the GreenPower Program.

Based on the stakeholder feedback to date, the following revised set of Program aims is proposed as Option A2:

- To provide electricity customers with a simple, credible option to voluntarily support Australian renewable energy
- To contribute to the installation of new renewable energy generators across Australia, and achieve reductions in greenhouse gas emissions, beyond any mandatory requirements
- To provide GreenPower customers with additional membership benefits in recognition of their voluntary contribution.

Changing the Program aims has no immediate cost impacts, but achieving the third aim would require the Program to invest more in membership engagement, such as newsletters, competitions, events or promotional material for existing GreenPower customers. The cost would be highly variable depending on the level of engagement. The anticipated outcomes would be better customer retention and a more attractive offering for new customers.

[7] See Section 1.1 for a list of the aims of the Program.

A3: Develop completely new aims

Radically redefine the objectives of the Program to support renewable energy in an entirely new way.

Although not widely supported by stakeholders, there have been some proposals during the consultation to date to replace the GreenPower Program with an entirely new Program, with new aims. The main proposals of this kind are to:

- Reposition GreenPower as a program to support the development and commercialisation of emerging renewable energy technologies, leaving support for more established renewable energy technologies to mandatory programs
- In recognition of the rising interest in small-scale solar photovoltaic (PV) installations, develop GreenPower into a program that explicitly supports installation of small-scale PV.

Stakeholders did not generally support such a radical change in the Program, due to the negative impacts on the stability and credibility of the Program. Further, no credible mechanisms have so far been put forward to implement these ideas in practice. Nevertheless, stakeholders did recognise that, as the market for renewable energy matures, the need for voluntary support for some renewable energy technologies will decline. The GreenPower Program may need to remain flexible enough to support new technologies in new ways as they emerge.

Arguably, the ability to develop new product offerings to support emerging renewable energy technologies is consistent with the second aim under A2 and does not require new aims, but we welcome input on this.

A4: Introduce targets

Introduce specific targets or indicators for the GreenPower Program to allow clearer assessments of progress.

Regardless of whether Option A1, A2 or A3 is preferred, the GreenPower Program could also adopt performance targets to complement the aims. These could include targets for:

- Total customers, commercial customers and residential customers
- Total GreenPower sales
- Percentage contribution to Australian electricity generation
- Capacity of new renewable energy generation installed
- Customer retention rates
- Other targets developed in consultation with stakeholders.

Having and reporting on such targets would provide a clearer direction for the Program and support regular reviews of progress. However, meeting the targets would not be entirely under the Program Manager's control, due to external factors such as policy changes and marketplace developments (e.g. the rapid increase in solar PV uptake). This reduces the value of such targets for Program management.

6.4 Governance

Section 5.1 summarised stakeholder feedback on governance of the Program. Stakeholders proposed several alternative governance structures and sought to establish better consultative and collaborative processes with industry (Providers and Generators), consumers and community representatives on the direction of the Program. The three options outlined below seek to capture the feedback provided to date.

G1: No change

Maintain current governance structure.

Option G1 retains the existing governance arrangements. While some stakeholders raised concerns about the transparency of the Program, there are already clear processes in place for consulting and communicating with stakeholders. These include an annual review of the Program rules with stakeholder input, as well as case-by-case

consultation on specific matters. Opportunities for input could be made more regular under this option, for example by committing to hold Provider or Generator forums every year.

The changes to the Program would be minor, additional costs would be low, and there are no apparent legal or jurisdictional barriers to this option.

G2: Steering Group expansion

Additional jurisdictions and stakeholder representatives incorporated into the GreenPower Steering Group.

Currently, the National GreenPower Steering Group is made up of representatives from the participating State and Territory Government jurisdictions. Option G2 would expand membership of the Steering Group to include additional jurisdictions and potentially non-government participants, such as Providers, Generators and customer representatives. Existing opportunities for broader stakeholder consultation would be retained.

Increasing Commonwealth Government involvement in the Program was viewed as a positive option by many stakeholders, given that GreenPower is a Program with national reach and is already closely aligned with the RET through the GreenPower LGC surrender process. Commonwealth Government participation in the Steering Group could lead to better alignment between GreenPower and other Commonwealth Government policies and programs, and better national promotion of the Program. The Steering Group is currently in discussions with the Commonwealth Government regarding this.

More comprehensive participation in the Steering Group by State and Territory jurisdictions was also seen as a positive option by many stakeholders, for similar reasons to those listed above. Queensland, Western Australia and the Northern Territory do not currently participate in the Steering Group, and this has the potential to limit uptake of the Program in those States and Territories. However, decisions to participate are outside the control of the Program and reflect the political position and resources of each jurisdiction.

Since the GreenPower Program is fully funded by industry, there is clearly an argument for having more direct industry involvement in decisions about how those funds are spent. On the other hand, stakeholders raised concerns about the impact this option would have on the (perceived) independence of the Program, which is key to its credibility in the market. If direct industry involvement in decision-making undermined customer confidence in the Program, it would work against the Program aims. Involving customer representatives alongside industry representatives is one possible way to address these concerns.

However, there are significant barriers to including stakeholder representatives on the Steering Group. The Steering Group needs to consider confidential product applications from Providers and it is clearly problematic to have other Providers involved in that process, where they could gain a competitive advantage. In our view, issues of privacy and confidentiality mean that the direct involvement of Providers in the Steering Group is not a feasible option.

Even if confidentiality challenges could be solved, the process of selecting representatives for the Steering Group would be challenging. There would need to be clear guidelines on the selection process and the appropriate composition of the Steering Group to represent the diversity of stakeholders. For example, it would not be sufficient to have a single Provider representative, as the interests of decoupled Providers and retailers, and large and small Providers, may be different. Whether Steering Group members are expected to represent the interests of their organisation or the broader interests of the industry would also need to be considered.

There would be few additional costs associated with Steering Group expansion but concerns about confidentiality and privacy pose significant legal barriers to the inclusion of stakeholder representatives in the decision-making process. This option has not received strong support from stakeholders due to the possible impacts on the perceived

independence of the Program and the complexity of choosing suitable representatives. We do not see it as a viable option.

G3: Establish a Stakeholder Reference Group

Establish a Stakeholder Reference Group to advise and make recommendations to the Steering Group on key program decisions.

Option G3 establishes a Stakeholder Reference Group that would include representatives from Providers, Generators and customer groups. As with Option G2, the selection process would need to be transparent and deliver sufficient diversity to represent the diverse stakeholder groups. The Reference Group would meet regularly according to a formal Terms of Reference and would provide advice to the Steering Group. However, it would not have direct decision-making authority. That authority would remain with the government representatives on the Steering Group. Existing ad hoc opportunities for broader feedback would be retained.

In comparison to G2, this option seeks to preserve the perceived independence of the Program by giving stakeholders a more formal advisory role, while keeping stakeholders one step removed from decision-making and avoiding issues with privacy and confidentiality. This option had strong support from stakeholders during consultations to date, although questions remain about the appropriate selection process and composition of the Stakeholder Reference Group.

There would be few additional costs associated with this option and no known legal or jurisdictional barriers to its establishment. It is unlikely to weaken the environmental integrity of the Program.

G4: Governance by an alternative organisation

Management of the GreenPower Program shifts to a different government or non-government location

Option G4 proposes a more radical shift, in which a different organisation takes over the governance of the Program. The new Program Manager could be an existing government agency (ideally at the Federal level in keeping with the national scope of the Program), an existing non-government organisation, or a new purpose-built organisation.

During this Review, numerous stakeholders have pointed out that the logical location for governance of a national Program is with the Federal Government. Administration of GreenPower at the Federal level would strengthen the national focus, maintain independence from industry and more closely integrate GreenPower with other Federal Government programs relating to renewable energy and climate change.

The Clean Energy Regulator, which already administers the RET and the generation of LGCs that are used in the GreenPower Program, has been raised as a possible site for governance of the Program. However the CER administers the Renewable Energy Act so any changes to its remit would need to be addressed at a legislative level, thereby adding to complexity.

While Commonwealth Government governance of the Program would have some benefits, these benefits could equally be achieved through participation of the Commonwealth Government in the Steering Group for the Program, without the need to radically change the governance structure, as proposed in option G2. The Steering Group is currently in discussions with the Commonwealth Government regarding this. It is not within the power of the National GreenPower Steering Group to implement this option without Commonwealth Government support. This public consultation document is seeking to gauge whether stakeholders feel that it should be a long-term goal of the Program to work with the Commonwealth Government to make this transition.

Alternatively, locating the Program under a national non-government body could also provide more comprehensive national coverage. Most international renewable electricity accreditation schemes are governed by non-government organisations, often established for the specific purpose of governing the scheme. A non-government organisation that is focused on this single mission could, potentially, offer more responsive and flexible management of the Program to adapt to

consumer and market trends quickly and to grow support for the program. However, it would be further from the policy-making process, leaving it potentially vulnerable to changes in the policy landscape. Setting up an entirely new organisation that would need to duplicate functions already existing within the Program would also be costly.

Most stakeholders stressed the importance of government involvement in the Program for its credibility. If governance moved to a non-government organisation, government could retain involvement through a Board of that organisation. However, there are risks to the credibility and independence of the Program with this option.

In summary, most stakeholders did not see the need for a radical change in governance and this option has not received strong endorsement from a majority of stakeholders. A transition to a different governing organisation would be a complex undertaking and the benefits do not seem to outweigh the costs.

6.5 Funding

As indicated in Section 5.2, stakeholders have so far raised relatively few concerns about the existing funding arrangements for GreenPower. Nevertheless, there are some opportunities to improve the structure of funding mechanisms. Further, many of the options outlined in this Consultation Paper would require an expansion of funding, so options for increasing total funding need to be considered.

F1: No change

Maintain existing funding arrangements.

Given the relatively low level of concern about the existing funding arrangements from stakeholders consulted to date, leaving these arrangements unchanged is a viable option. However, the existing level of funding is not sufficient to allow for the Program to deliver significant central marketing and promotions. As such, this option would not be compatible with some of the other options discussed in this Consultation Paper that had strong stakeholder support. Further, some stakeholders did seek restructuring of the funding arrangements to improve equity or certainty.

F2: Raise additional funds from Providers for central marketing and promotion

Increase Provider fees to expand the Program marketing and promotions budget.

As outlined in Section 6.6, there is strong stakeholder support for expanded marketing and promotion by the GreenPower Program. While there are several options for how this could be delivered, all of those options would require additional funding. At present, the funding available to the Program does allow for some central marketing and promotions but it has not been sufficient to halt the observed decline in customers and sales.

To raise additional funds for central marketing and promotions, some Providers expressed willingness to pay higher Program fees, as long as a clear marketing and promotions strategy is in place. These Providers recognised that central marketing and promotions strengthens the GreenPower brand and benefits all Providers, so this is something worth investing in. However, further feedback from all Providers is needed to gauge the overall level of support for this option.

With industry support, this would be a relatively easy change to implement. The proposed process would be to develop a new GreenPower Marketing and Promotions Strategy with input from industry, which would document the additional funds required to deliver the strategy. The fee increase would be set at a level to provide these funds and would be implemented as a percentage increase across the sliding funding scale.

F3: Increase funding by other means

Seek other funding sources to increase the funds for marketing and promotions.

Although Option F2 has strong stakeholder support, another possible option would be to seek additional funds from other sources. Possible sources identified during the consultations include additional funds from governments or a levy on existing customers. Sourcing additional funds from government is inconsistent with the previously agreed direction of the Program, which was to move to full industry funding. The option of raising additional funds from customers is not particularly attractive given that customer numbers and GreenPower sales have been declining. Raising the cost of GreenPower is likely to worsen the situation.

Nevertheless, there are some other funding options that could be explored, such as implementing logo use fees for commercial customers and events, or developing additional Product types with associated income streams (such as labelling for products made with GreenPower – see Option M7). Ideas for other possible funding sources are welcomed.

F4: 'Real-time' fees for Providers

Base Provider fees in each year on actual GreenPower sales in that year.

Currently, Provider fees are set by October each year for the following year. These fees are based on the latest available audited sales data. Typically, this data is from the previous year, although it is sometimes from two years prior. The lack of connection between actual sales in a particular year and the fee paid in that year was a concern for some Providers. They sought the establishment of "real-time" fees based on actual sales in that year.

This kind of structure would better reflect the benefits that Providers receive from the Program in a given year. However, it raises administrative difficulties and reduces certainty for the Program. Program planning would be more difficult if an annual budget is not known in advance. This option did not have strong stakeholder support during the consultation to date.

F5: Restructure Generator fees to improve equity

Replace the current Generator fee structure with a sliding scale based on generation capacity or volume.

Currently, Generators pay a fee based on the capacity of each accredited Generator, up to a maximum of $5,000. Some Generators felt that the Generator fees should be structured more like the Provider fees, so that the fee increases in bands based on the actual generation in a given year, or the Generator capacity. This would arguably be a fairer structure. 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.

Many of the Generators that have participated in the consultation to date supported the option of a sliding scale. Current fees are based on generation capacity and this approach could be retained, as it is relatively easy to administer. A fee based on actual generation would be fairer, as it would take into account variations in output from year to year. However, this would be administratively complex and would require auditing of actual generation each year. Feedback is sought on whether a sliding scale based on actual generation or generation capacity is preferred.

Some stakeholders have also raised the idea of establishing a discounted fee for community-owned generators, either waiving the fee entirely or reducing it, as a way of encouraging community renewable energy. Feedback is also sought on this proposal.

6.6 Marketing and promotions

Marketing and promotions has been a popular topic during the Review to date. The general message from stakeholders has been that the Program does not need radical structural change but does need to update its approach to marketing and promotions if it is to halt the decline in customers and sales. The options presented in this section would generally require additional funding and various combinations of the options are possible.

M1: No change

Continue the existing approach to marketing and promotions.

Few stakeholders supported continuation of the existing approach to marketing and promotions, as it fails to respond to the declining numbers of customers and sales of GreenPower. However, it is worth noting that GreenPower reinstated a full-time Marketing Manager in 2013 after several years without full-time support in this role. As such, Option M1 would deliver improvements in marketing and promotions relative to recent years. Nevertheless, without additional budget for marketing and promotions, the options for improvement are limited.

M2: Increase engagement with existing customers

Establish new mechanisms to engage with existing GreenPower customers and improve customer retention.

One of the great strengths of the GreenPower Program is its existing customer base. Stakeholders recognised that much more could be done to engage existing customers and improve customer retention. Establishing a GreenPower Membership Program with improved feedback and various benefits and incentives could go a long way towards halting the decline in customer numbers.

Some of the many options suggested for increasing engagement with existing customers include:

- Information provided on electricity bills about the individual and collective impact of each Member's GreenPower contribution
- Regular newsletters or updates on the Program
- Loyalty discounts for long-term customers (e.g. 10 years of purchasing GreenPower)
- Rewards or discounts for signing up friends, family, or organisations
- Stickers and signage to make GreenPower purchases more visible in the community
- Prizes and competitions
- Development of a smartphone app with a membership area
- Membership packs for new customers
- Revamping the GreenPower website with a range of interactive statistics and infographics
- Networking events for business 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]

The exact mix of activities would need to be carefully considered as part of a Member Engagement Strategy. Clearly, implementing such a Strategy would incur additional costs, requiring expansion of the marketing budget for the Program. There are few other barriers to such a Strategy and stakeholders were generally supportive, with the caveat that a clear strategy with support from Providers would need to be in place to secure additional funding from Providers.

[8] Some stakeholders have called for mandatory reporting of GreenPower purchases by commercial customers but we do not believe this is feasible due to privacy and confidentiality requirements.

M3: Narrower marketing focus

Identify customer segments most likely to purchase GreenPower and target marketing at those segments.

Many stakeholders expressed the opinion that the limited marketing resources available to the GreenPower Program could be used more efficiently by identifying and targeting particular market segments. The increased affordability of solar PV systems in recent years has seen many customers choose to invest voluntarily in PV, and this has undoubtedly affected sales of GreenPower. However, solar PV is not a viable option for some customers, either due to the upfront cost, the orientation of their home or premises, or their status as tenants.

Further work is needed to analyse audience segments. Currently, the Program does not receive sufficient data from Providers to identify which audience segments are buying GreenPower. In this option, the Program would work with Providers to establish which audience segments are most responsive to the opportunity of GreenPower and devise a marketing strategy for appealing to those segments. Audience segments already identified as likely targets include: residential or commercial tenants; apartment dwellers; and 'green' consumers.

Depending on the nature of the marketing strategy for targeting these audience segments, this option could have similar costs to the current marketing budget, or higher costs. There are no other significant barriers to adoption, although feedback on the ability and willingness of Providers to share aggregated customer data is sought.

M4: Refresh and relaunch

Relaunch the GreenPower Program with the existing logo, new messages and a new Marketing and Engagement Strategy.

This option was particularly popular with stakeholders, many of whom saw a relaunch as the best compromise between retaining the stability of the Program while updating it for the current context. In this option, the GreenPower logo would be retained, perhaps with small revisions to respond to some of the feedback from RoE, such as making the accreditation function of the Program more prominent. Guidelines for logo use could be revised, for example to require that all GreenPower Products prominently display the GreenPower name and logo to distinguish them from other 'green' electricity products.

The GreenPower Program would develop a new Marketing and Engagement Strategy in consultation with Providers, who would be asked to contribute additional funds to implement the Strategy (see Option F2). The Strategy could include elements from M2 and M3, and would likely incorporate new messaging along the lines recommended by RoE:

- 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 Strategy would likely include campaigns in various media to raise the profile of GreenPower and recruit new customers. A revamped website would be essential and clear messages would be adopted and used throughout all materials. There are no significant barriers to adopting this option except the additional cost, which would vary greatly depending on the details of the Marketing and Engagement Strategy.

M5: Rebrand and relaunch

As for Option M4, but with development of a new logo and branding.

Similar to Option M4, this option would involve the development of a new Marketing and Engagement Strategy to guide relaunch of the Program. However, in this case, an entirely new brand and logo could be developed. While this may retain elements of the existing brand and logo, it would be recognisably different. This option responds specifically to the advice from RoE that the existing logo is difficult to distinguish from Product logos, that it makes too much use of green which is associated with particular audience segments, and that it is not clear that it is an accreditation Program.

This option would begin with a branding process, which would increase the cost relative to Option M4. Otherwise, the options are very similar. However, the majority of stakeholders to date supported a refresh of the brand rather than a full rebranding, to retain brand loyalty and recognition.

M6: Pursue third party endorsement and advocacy

Improve promotion of the Program by securing third party endorsements and advocacy.

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.

In this option, the GreenPower Program would negotiate 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.

It could require significant effort from the Program staff to secure suitable endorsements and a clear strategy would be needed to ensure that the investment of time is worthwhile and that third parties see value in their involvement. This option has only been discussed by a small number of stakeholders to date, so feedback on whether it is a viable option would be welcome.

M7: Innovative Product offerings

Develop new Product offerings to attract new customers.

One way to market and promote the Program is to offer more attractive Products to win new customers. For example, charitable organisations have used bulk purchases to create cheaper GreenPower products that are tax-deductible, GST-free and direct a share of the proceeds to local environment groups. Other ideas for innovative products that have emerged during the consultation to date include:

- GreenPower products packaged with electric vehicles
- GreenPower gift cards for block purchases of GreenPower
- Direct GreenPower sales from Generators to large customers
- Accreditation of renewable gas products going into pipelines, such as biogas from waste
- Product labelling for electricity use in product manufacturing
- Products tied to particular power stations, so that customers can choose to support something more tangible.

Some of these products (e.g. gift cards for block purchases) could be delivered under the existing Program rules. They would only require negotiation with interested parties to make them happen. Other products would require changes to the Program rules, which are considered in Section 6.7. Here, we are seeking input on the general strategy of diversifying product offerings to reach additional customers. While tailoring products to diverse customer needs seems like a good strategy, there are risks. Greater complexity in product offerings could confuse customers and reduce the simplicity that is currently a key Program strength.

6.7 Program rules

The general message from stakeholders was that the Program rules are operating well and did not require a major overhaul. However, numerous smaller opportunities for improvement were identified. The options presented in this section are mostly revisions to the rules that could potentially streamline or improve the Program but do not significantly change its direction.

R1: No change

Leave the Program rules unchanged.

In general, stakeholders felt that the Program rules were adequate and most major issues had been addressed through previous consultation and rule changes. It is therefore a viable option to leave the rules unchanged. However, stakeholders have proposed numerous ideas for small improvements to the rules, many of which could be implemented at low cost. As such, making some revisions to the rules to further streamline the Program appears to be a more popular option than leaving the rules totally unchanged.

R2: Relax the minimum renewable energy input requirement

Change the GreenPower Generator eligibility requirements to allow accreditation of Generators with less than 50% renewable energy input.

Currently, in addition to being accredited by the CER under the LRET, GreenPower Generators must have more than 50 per cent eligible renewable energy input during the Settlement Period. This prevents some renewable energy generators that are able to generate LGCs from being accredited under GreenPower. For example, a small biomass co-firing facility at a coal-fired power station would not be eligible for accreditation as a GreenPower Generator. Some stakeholders argued that this was unfair, since the co-firing process is still reducing emissions and is recognised under the LRET.

Relaxing this requirement would more closely align the GreenPower eligibility requirements with the rules of the LRET. However, there is a risk to perception of the GreenPower brand. Some GreenPower customers could be uncomfortable with their voluntary contribution supporting power stations that do not primarily use renewable fuel sources. Additional customer research would be needed to determine how much of an issue this is for customers.

The change is within the direct jurisdiction of the GreenPower Program. However, it would benefit very few stakeholders, while potentially risking the perceived integrity of the Program.

R3: Strengthen GreenPower Generator eligibility requirements

Introduce additional ecological, social or economic criteria for eligible generation.

A review of international electricity accreditation schemes (PwC and WWF, 2009) assessed these schemes against diverse ecological, social, economic and procedural criteria. In general, GreenPower received a positive assessment. However, on some criteria, international schemes performed better. The GreenPower Program could consider introducing additional eligibility requirements for GreenPower Generators such as criteria to:

- Protect the ecological integrity of catchments affected by hydroelectricity power stations
- Require stronger life cycle performance of power stations
- Protect the surroundings where the power station is installed
- Ensure that Generators meet minimum requirements relating to corporate social responsibility, such as employing local staff at fair wages, having an environmental management system and contributing positively to the local community.

While addition of such criteria would bring GreenPower into line with some of the top performing schemes internationally, it would significantly complicate the accreditation process. At present, GreenPower aligns closely with the accreditation requirements of the LRET. Introducing additional criteria would require the Program to perform its own additional checks beyond those undertaken by the LRET, and would significantly increase the cost and time for audits of Generators.

Although some stakeholders were supportive of introducing additional eligibility criteria, few saw value in deviating from the LRET

accreditation process. As such, it may be more fruitful to pursue advocacy to advocate for additional eligibility requirements under the LRET.

R4: Support small-scale generation

Revise GreenPower Generator eligibility requirements to allow accreditation of small-scale generators.

Since 2011, when the RET was split into the LRET and SRES, small-scale generators under the SRES have not been able to generate GreenPower, as STCs are not accepted under the Program. This is an appropriate response to the introduction of a solar credits multiplier under the SRES, which increased the number of STCs created by small-scale generators beyond actual generation.

The solar credit multiplier is no longer available and the GreenPower Program has previously indicated that exclusion of STCs would be reconsidered after the multiplier ceased. Reinstating surrender of STCs as a mechanism for generating GreenPower would allow the Program to support the continuing growth of small-scale generation, which was viewed positively by most stakeholders.

However, there are several barriers to this change. First, at least in the short-term, distinguishing STCs created since the removal of the multiplier from those that have had a multiplier applied may be difficult for audit purposes. Second, inclusion of a large number of small-scale generators in the Program increases complexity and time spent on audits, reporting and checking for errors. Third, STCs are created based on deemed generation and this may exceed actual generation, which undermines the environmental integrity of the Program.

One proposal raised by stakeholders to address the latter concern was to use an alternative mechanism to count generation from small-scale generators. Instead of using STCs, Providers would record net export of electricity from small-scale generators and this would be eligible as generation under GreenPower. This proposal does not address the second barrier, and could further increase the complexity of the auditing process.

Nevertheless, given the substantial growth in installation of small-scale solar PV systems (often at the expense of GreenPower), we would welcome stakeholder input on these options for support of small-scale generation.

R5: Redefine new generation

Introduce a rolling baseline for the definition of 'new' generation.

This option would replace the current 1997 baseline for 'new' generation with a rolling baseline. There are two main options that could be considered:

- A single rolling baseline for all Generators, defining new Generators as those commissioned in the previous 15 years.
- Multiple rolling baselines based on technology type and typical periods in which investments are recovered.

The benefit of either approach would be to put a time limit on the eligibility of GreenPower Generators, which could potentially encourage more new entrants. The latter approach is more flexible to take into account operating parameters of different technologies, but would be more complicated to administer.

As discussed in Section 5.4, views on the definition of 'new' generation were mixed. There is certainly not a consensus that the existing definition should be changed, or that it would lead to improved environmental outcomes. If a change were made, it would remove an income stream for some existing Generators, and could potentially face legal challenges, which would need further consideration.

R6: Increase the minimum GreenPower content of residential Products

Increase the required GreenPower content of blended residential Products beyond 10%.

Currently, GreenPower Products sold to residential customers must contain at least 10% GreenPower. Some stakeholders have proposed that this requirement be increased, e.g. to 20% or 50%.

The advantage of increasing these requirements would be to improve the environmental integrity of the scheme and ensure that customers who invest in GreenPower are making a genuine contribution. The disadvantage is that the price of entry level Products would increase. Stakeholder views were mixed on whether the advantages outweigh the disadvantages. Further feedback on this point is welcome.

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

Lower the minimum threshold for GreenPower logo usage from 10% for commercial customers consuming large amounts of electricity.

Commercial customers are only eligible to use the GreenPower logo if they purchase GreenPower equivalent to at least 10% of their total electricity consumption. This threshold appears to be appropriate for small and medium enterprises (SMEs), and aligns with the requirements for residential products. However, for larger commercial and industrial customers that consume large quantities of electricity, this threshold can act as a barrier to GreenPower purchase. An investment in GreenPower of less than 10% could still amount to a large level of support for renewable energy for these large organisations.

Under this option, the threshold for customers above a certain level of electricity consumption would be reduced. An appropriate level of electricity consumption would need to be determined but would be set so that the threshold remains at 10% for SMEs. This option could be implemented by establishing a minimum volume of GreenPower purchase in MWh per annum for commercial customers, if they wish to make use of the GreenPower logo. This option would open up the possibility of a GreenPower purchase to more large customers, while protecting the credibility of the Program by establishing a minimum volume purchase.

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

Revise the rules so that 100% GreenPower includes the proportion of renewable energy already in the grid due to the RET.

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. For a customer to receive 100% of their electricity from renewable sources in 2013, they would only have needed to buy GreenPower sufficient to replace the 85.2% of their grid electricity (on average) that comes from non-renewable sources. However, customers that buy 100% GreenPower typically pay a premium that applies to 100% of their electricity consumption. In effect, they are paying more than they need to.

Some stakeholders have called for a change to the rules of the GreenPower Program so that 100% GreenPower Products take into account the renewable contribution that already exists in grid electricity. This would increase the complexity of the Program, as the renewable contribution to the grid varies by jurisdiction and with time. Retailers would need to regularly adjust their billing so that customers were only billed to top up their renewable context from the grid average to 100%. The benefits would include reduced costs for customers and more accurate claims about renewable energy content.

R9: Remove block-based GreenPower Products

Revise the rules to make block-based GreenPower Products ineligible for accreditation.

Some Providers offer GreenPower Products that provide a fixed quantity (or block) of GreenPower, rather than a percentage of customer electricity consumption. The minimum size of a block is 647 kWh per year, which was established as 10% of average household consumption at the time.

These Products may be sold as representative of average household consumption, for example. However, the credibility of these Products can be undermined if average household consumption changes, as it has over recent years. Credibility can also be undermined if households with high consumption can buy an 'average household' product that is not actually reflective of their consumption. That household may feel that they are buying 100% GreenPower when they are actually buying much less.

Some stakeholders have questioned whether block-based Products should be allowed, given these credibility problems. An alternative to dropping block-based Products would be to tighten rules about the connection between block-based Products and actual consumption, ensuring that customers are informed of the actual percentage of GreenPower they are buying. This would, however, reduce the ease of use and simplicity of block-based Products, which is one of their key benefits.

R10: Review eligible generation technologies

Undertake a review of generation technologies to determine if additional technologies should be eligible to generate GreenPower.

The technologies eligible to generate GreenPower have not been reviewed for many years. Some stakeholders were of the view that eligibility to generate GreenPower should align with eligibility for accreditation under the LRET. At present, waste to energy is a generation technology that is eligible under LRET but not eligible to generate GreenPower. Stakeholder views are sought on revising this exclusion and aligning the LRET and GreenPower eligibility rules.

R11: Expand the GreenPower Product family

Allow for the introduction of additional GreenPower Product types alongside the 'standard' GreenPower offering.

During the consultation to date, there have been several proposals for new types of GreenPower Product that may be more attractive to particular customers. Under this option, the GreenPower Program would put rules in place to allow for an expanded 'family' of GreenPower Products. 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, along the lines discussed in Option R3.
- **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.
- **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.

Introduction of any of these Products would require development of a business case and marketing and engagement strategy to demonstrate their viability, as well as detailed work on legal arrangements. We present this option to seek feedback on the general idea of expanding the GreenPower Product family, to seek input on the viability and attractiveness of the specific Product ideas listed, and to seek input on appropriate processes for developing additional Products in consultation with stakeholders. One possibility would be to introduce a process whereby stakeholders can propose new Products for inclusion in the GreenPower Program, as long as they meet specific criteria.

R12: Strengthen contractual obligations for GreenPower Providers

Revise Provider contracts to add a contingency process for failure to surrender LGCs and data sharing requirements.

At present, while a GreenPower Provider can lose its accreditation for failing to surrender the required LGCs, there is no legal obligation to ensure that customers get the GreenPower they have paid for from that Provider. In the event that a GreenPower Provider fails to meet its obligations, the credibility of the Program could be undermined.

A potential solution would be to introduce a levy, or simply raise Provider fees, to establish a contingency fund that would be drawn on to deliver GreenPower obligations in a case where a GreenPower Provider failed to meet its obligations. The amount of the levy would be adjusted over time to maintain the contingency fund at an appropriate level.

Another possible contractual change would be to require Providers to submit data on GreenPower uptake in designated formats. The Program currently receives limited data on who is buying GreenPower and how much they are buying. To improve central marketing and engagement, access to anonymous data on which audience segments are buying GreenPower would be essential and should be part of contractual obligations.

R13: Streamline auditing of Providers

Reduce auditing frequency according to specified criteria.

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

- 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. Feedback is sought on whether streamlining is needed and which option is preferred.

6.8 Advocacy options

Several options emerged during the consultations that are outside the direct jurisdiction of the Program but could have significant benefits for the Program. The Program Manager and Steering Group could engage in advocacy for these options with other jurisdictions.

A1: Confirm the additionality of GreenPower

Seek Australian Government confirmation on the continued additionality of GreenPower.

Many stakeholders expressed the view during consultations that it is critical to the success of the GreenPower Program that voluntary purchases of renewable electricity are additional to actions taken to comply with mandatory requirements or meet Australia's emission reduction targets. As noted in Section 4.4, the position of the current Australian Government on this issue remains unclear, which has the potential to undermine the GreenPower Program. The Program should seek a clear statement on the additionality of GreenPower, backed by surrender of international emission credits equivalent to the emission reductions achieved through GreenPower.

A2: Simplify the LGC surrender process

Work with the CER to simplify the LGC surrender process.

In the most recent audit of the GreenPower Program, Clear Environment (2014) found that many Providers failed to initially 'transfer' LGCs to their GreenPower designated REC accounts and then 'offer them for surrender' as required. Significant auditing resources were required to follow up with Providers on this issue. Clear Environment recommended working with the CER to simplify the LGC surrender process for future Settlement Periods. A mutually workable approach could require modifications to the REC Registry.

A3: Introduce opt-out requirements for GreenPower

Require the initial offer of a GreenPower Product by electricity retailers when contracting customers.

Research in behavioural economics indicates that customers often choose the default option that is presented to them. One possible approach to increase uptake of GreenPower is to require that electricity retailers initially offer a GreenPower Product to customers when offering a new electricity contract. Such an approach has been used in the Australian Capital Territory and does seem to increase uptake of GreenPower.

While such an approach could be successful in increasing GreenPower customers and sales, there are some ethical concerns with offering a more expensive product to customers that may not fully understand their options. Vulnerable or disadvantaged households, in particular, may take up an offer of GreenPower without realising that it will increase their bills over alternative options.

This kind of approach would require action by State Governments to implement in each jurisdiction. The Program could engage with each jurisdiction to seek feedback on whether such an approach would be attractive and is politically feasible.

6.9 Summary

Stakeholders expressed diverse views during the consultation to date and there is no simple consensus on the future of GreenPower. Nevertheless, certain options have emerged as preferred options so far.

Most stakeholders saw a need to refine and update the Program aims to respond to the context in which the Program now operates, without making radical changes. Stakeholders welcomed the idea of establishing a Stakeholder Reference Group to provide a more regular mechanism for input into the direction of the Program. GreenPower Providers were open to paying higher fees to support an expanded central marketing and engagement effort, as long as this was tied to an agreed Marketing and Engagement Strategy. Such a Strategy would need to include a refresh and relaunch of the Program, greater engagement with the existing customer base, and more attention to the market segments that are most likely to buy GreenPower.

Stakeholders did not seek radical changes to the Program rules but did offer numerous opportunities for revisions to streamline the Program. While more detailed analysis is needed, stakeholders were open to the idea of developing new GreenPower Product types, although there are diverse views about what those Products should be.

Finally, stakeholders stressed the critical need to clarify the additionality of GreenPower to maintain the integrity of the Program.

7 MAKING A SUBMISSION

Submissions on this Public Consultation Paper are welcome from all stakeholders. This section outlines the process for providing submissions to the GreenPower Program Review.

7.1 Format of submissions

Submissions should be provided in writing and should refer to the relevant sections in this Public Consultation Paper. Feedback is particularly sought on the options presented in Section 6. Stakeholders may wish to structure submissions by responding to the following questions:

- Which of the options presented in the Public Consultation Paper do you support?
    - If you have revisions to suggest to the existing options that would make you more likely to support them, please provide these
    - If there are particular elements of an option that you support, and others that you do not support, please indicate this
- Which of the options do you not support?
- Are there additional options that need to be considered?
- Do you have any other comments for the Review to consider?

7.2 Submission process

The National GreenPower Steering Group would like to invite written submissions on this Public Consultation Paper by 5pm, Friday 27 March 2015. Comments should be sent via email to:

greenpower.admin@trade.nsw.gov.au

Subject: GreenPower Program Review Submission

Please note that submissions may be published on the GreenPower website. Requests for confidentiality must be clearly displayed on the front of the submission.

7.3 Consultation workshop

A Consultation Workshop is planned for Monday 16 March 2015 in Sydney. This workshop will be an opportunity for stakeholders to discuss the options presented in this Consultation Paper and provide feedback in a more interactive format to a written submission. If you would like to attend this workshop, please RSVP by Friday, 6 March 2015 to:

greenpower.admin@trade.nsw.gov.au

Subject: GreenPower Program Review Consultation Workshop RSVP

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APPENDICES

A. Stakeholder consultation participants
B. 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

B 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
Republic of Everyone
1/116 Chalmers Street
Surry Hills NSW 2010

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.

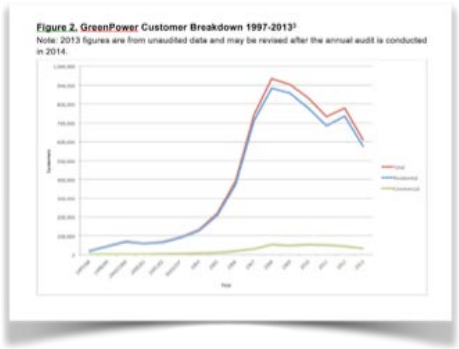
The aim of the review is to ensure the optimal performance of the GreenPower Program so that it maintains its relevance and effectiveness.

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


Consumer/Business
Qualitative Insights into *GreenPower*

RESEARCH REPORT

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.

UTS:ISF
INSTITUTE FOR SUSTAINABLE FUTURES