



13 June 2013

Paul Smith
AEMC Senior Director,
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Email: aemc@aemc.gov.au

Address The Conservation Centre
Level 1, 157 Franklin Street
Adelaide SA 5000

Phone (08) 8223 5155
Fax (08) 8232 4782

Email general@conservationsa.org.au
Web www.conservationsa.org.au

ABN 22 020 026 644

Dear Paul,

RE: Strategic Priorities for Energy Market Development 2013

AEMC reference: EMO0025

Thank you for the opportunity to comment on the AEMC Strategic Priorities

The Conservation Council has particular concerns relating to electricity customers that seek to choose renewable energy and lower emissions electricity options. Currently this is not possible in Australia's National Electricity Market frameworks and Australia's National Greenhouse and Energy Reporting Framework. Whilst the voluntary GreenPower Framework and RECs surrendering mechanisms allow customers to contribute to renewable energy generation, the mechanisms do not involve any formal allocation of lower emissions or renewable energy use to those electricity customers.

A barrier for electricity customers to make proper choices for renewable energy or lower emissions energy is due to the use of grid or NEM wide emission factors. Grid or NEM wide emission factors displayed on electricity bills conceal the emissions intensity profile of electricity generators. Customers should be able to know how greenhouse intensive their generator/retailers are, particularly under a carbon priced market where there are carbon pass through costs. The AER, AEMC and DIICCSRTE have to date not addressed the barriers for consumers to choose renewables or low emissions instead of carbon costs. It is terribly disappointing that with incentive to make choices through carbon pricing, that such choices are not truly available.

Under the current situation, greenhouse disclosure standards under state legislation were recently abandoned, and the National Electricity Customer Framework provides no standard for greenhouse disclosure. Customers now receive vague and meaningless disclosure of greenhouse gas emissions from electricity companies. It is very likely that the emissions shown on bills may not even relate to the carbon emissions exposure of a generator-retailer. The big electricity generator-retailers can make very green sounding commercials based on the size of their renewable energy sources, yet do not properly disclose the greenhouse intensity of their total

generation portfolio. Other generator retailers with large historic hydro- electric and wind portfolios are marketing products of low carbon exposure, at the same time as the GreenPower framework seeks to operate sometimes in the absence of electricity and in the absence of a supportive legislated allocation mechanism. The system is rife with confusion, contradictions and is impossible for customers to make informed decisions.

GreenPower paying electricity customers are treated appallingly under Australia's electricity market and accounting frameworks including where:

- A 100% GreenPower paying electricity customer pays for the minimum renewable power percentage under the Renewable Energy Target as well as their 100%
- Household GreenPower customers are not offered 100% renewable packages based on the RPP plus the difference to make up 100%
- GreenPower customers are not protected against carbon pass through costs for the emissions they have already paid to avoid (some retailers have offered limited reductions in the GreenPower premium {perhaps out of embarrassment }but many have not)
- GreenPower customers pay extra for the state based feed in tariffs
- There is no GreenPower focussed customer representative group and limited meaningful engagement with the National GreenPower Steering Group
- The Power of Choice Review scope and subsequent implementation does not support renewable energy choice for customers.

Whilst reforms are needed, previous efforts have not been successful, in part because jurisdictions often dealt with just one part of the problem. Accounting is separate to the RET which is separate to the GreenPower Program and to date there has been no jurisdiction to take responsibility for a system wide and market wide approach to ensure that low emissions electricity is incentivised and allocated to low emissions customers. As a consequence, GreenPower markets are stalling, and Australia is failing to utilise a key driver for more renewable energy investment. The AEMC however should take on the task of an integrated **Review of the Role of Green Customers in Electricity Markets**.

The complexity of the NEM should not be used as justification to resist reforms to enable much better carbon disclosure of generator-retailers and transparent carbon pass through costs. If a choice of retailer is possible via a single grid, then contracts for renewable electricity allocation are also possible.

Given that the GHG Protocol will be releasing new standards for Scope 2 emissions reporting and options for market allocation of attributes, it is now a good time to prioritise the issue of providing real choices of renewable energy products for consumers. It is essential to start reforms that move away from using grid averages inappropriately, towards contractual accounting frameworks that provide choices for low emissions electricity consumer markets to grow. It is also worth noting that

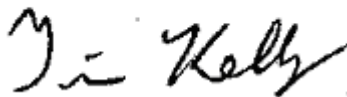
the RET has a limited life so ultimately there must be a market based mechanism that enables consumers to differentiate renewables from greenhouse polluting electricity sources.

It is alarming that in 2013, a discussion paper on energy markets and energy consumers has not included discussion on the future of GreenPower and renewable energy consumer markets.

The Conservation Council also supports a greater focus on planning and finding ways to build a green electricity transmission grid that supports the faster transition to renewable energy, rather than overly focussing on rules based approaches.

I would be happy to discuss this submission in more detail.

Kind regards

A handwritten signature in black ink that reads "Tim Kelly". The signature is written in a cursive, slightly slanted style.

Tim Kelly

Chief Executive

Conservation Council of South Australia