



23 October 2008

Ms Shelley Schreiner
Chief Executive Officer
Independent Competition and Regulatory Commission
GPO Box 296
Canberra City ACT 2601



Dear Ms Schreiner

Implementation of GreenPower initiative: Proposed Electricity Retail Licence Conditions

ActewAGL Retail (ActewAGL) welcomes the opportunity to comment on the proposed variations to *Utilities Act 2000* Standard Utilities Electricity Supply Licence Provisions associated with the implementation of a mandatory GreenPower offer.

ActewAGL fully supports the growth of GreenPower in Australia; this is shown through its commitment to the Greenchoice program, membership of the Greenhouse Challenge Program, community sponsorship of events such as World Environment Day and through its responsible approach to environmental goals and reporting. Furthermore, ActewAGL continues to actively pursue the development of wind and solar-farm generation projects in the region and has several mini-hydro electricity projects.

ActewAGL's renewable energy program, Greenchoice, was first established in 1999 and is available to all domestic and business customers across Australia. Greenchoice is available in either a "block" based product or a "consumption" based product. "Block" based products are not directly linked to an individual customer's consumption; customers can elect to purchase either 5, 10, 15 or 20kWh "blocks" of GreenPower per day. As a percentage of the average annual Australian domestic customer electricity consumption, GreenChoice 5, 10, 15 and 20 represent 28, 56, 85 and 113% respectively. "Consumption" based products directly link GreenPower consumption with metered electricity consumption; customers can elect to purchase either 10, 25, 50, 100 or 200% of their metered supply as GreenPower.

At the end of financial year 07/08, ActewAGL had 11,122 residential customers and 164 commercial customers, representing 21% net growth over the year. These customers helped to prevent more than 94,500 tonnes of fossil-fuel emissions from entering into the environment. Inclusion of Greenchoice in the ActewAGL and TransACT Bundle offer provides customers with discounts when they package multiple energy and telecommunication services into a Bundle agreement. This has assisted with the growth in Greenchoice customer numbers.

Electricity and gas retailing is a core activity for ActewAGL and amendments to *Utilities Act 2000* directly and indirectly affect ActewAGL and its customers. ActewAGL's key comments regarding the draft regulation are provided below for ICRC's consideration:

- The cost of providing GreenPower for 100% of the Australian average household consumption as defined by the National GreenPower Accreditation Program Rules (6,470kWh) is an additional \$420.55 per annum; GreenPower is charged as a premium in addition to the standard electricity tariff. The premium for the average ACT customer would be greater as ACT average household consumption is approximately 8,000 kWh per annum. The majority of consumers are supportive of new green initiatives, and may elect to accept the 100% green offer. However, ActewAGL is concerned that some consumers may elect to accept this offer without fully realising the financial impost on their personal financial circumstances that will occur – thereby increasing financial hardship cases.
- ActewAGL believes that any new initiative introduced by the ACT Government will need to be fully supported through a Government-initiated education or awareness campaign to encourage customers to take up a GreenPower product and to reduce customer confusion and complaints.
- ActewAGL notes that sales obligations under Section 4.2 will add a considerable cost imposition to its operations in the ACT electricity market. This initiative will require system upgrades, amendments to marketing collateral, websites and sales scripts, and will increase the amount of time for sales offers, which will result in increased costs to retailers that will, by necessity, be passed through to consumers.
- Additional annual reporting obligations under Section 3.4 will also require system upgrades, further increasing cost to retailers and therefore ACT consumers.
- ActewAGL notes that in NSW a similar but simpler requirement for a mandatory 10% GreenPower offer exists. ActewAGL recommends that the ICRC reconsider the proposed amendments noting that the uptake for ActewAGL's Greenchoice-10% product is five times that for Greenchoice-100%.

As shown above, ActewAGL is fully supportive of the GreenPower program and its objectives, however any further cost imposition on ACT consumers for an essential service needs to be fully researched and considered, before the proposed amendments to the *Utilities Act 2000* are implemented.

Yours faithfully



Ayesha Razzaq
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Customer and Product Operations