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24 October 2008

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### **TRUenergy response to Implementation of GreenPower Initiative: Proposed Electricity Retail Licence Conditions**

TRUenergy welcomes the opportunity to provide comments to the Independent Competition and Regulatory Commission's (ICRC's) Implementation of GreenPower Initiative: Proposed Electricity Retail Licence Conditions.

TRUenergy supports the National GreenPower Accreditation Program and the ACT Government's proposal for electricity retailers to offer an accredited green product to consumers. TRUenergy is currently the second largest accredited green product electricity provider in Australia with approximately 120,000 customers.

However, we are concerned the proposed variation to retail licence conditions is not consistent with the policy intent of the ACT Government, as outlined in the Government's Explanatory Statement on the Scheme and in correspondence sent by the ICRC to energy retailers on 27 February 2008.

The policy intent of the ACT Government was to provide for the mandatory availability and first offering to new customers of **an Accredited Green** electricity product<sup>1</sup>. Further, the correspondence on 27 February 2008 stated:

*"The scheme requires licensed retailers to have access to an accredited green energy product. The product must be the first offering to new and reconnecting customers."<sup>2</sup>*

The most recent correspondence from the ICRC, dated 23 September 2008, that contains the proposed retail licence conditions changes to give effect to the ACT Government's policy proposal states that "the initial offering of the accredited product must constitute the **full electricity supply of the customer**". This appears to mean that electricity retailers will have to offer a 100% accredited green product as a first offering as opposed to **an** accredited green product.

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<sup>1</sup> Schedule A, *Utility (Electricity Retail) Licence Conditions Direction 2008 (No 1), Explanatory Statement*, Jon Stanhope, Minister for Environment, Water and Climate Change, 22 January 2008

<sup>2</sup> ICRC letter, *Electricity Retail License Conditions – Implementation of GreenPower Initiative*, 27 February 2008

The policy intent of the ACT Government clearly states that retailers should offer an accredited green product, the obligation should not be interpreted as requiring retailers to offer 100% accredited products.

The latest National GreenPower Accreditation Program Status Report indicates that there are at least 15 different accredited green products available to ACT customers ranging in the level of accreditation from 10% to 100%<sup>3</sup>:

The ICRC's proposed licence condition to require 100% accredited green product as a first offering will restrict retail green product innovation and competition to ACT consumers. As the proposal currently stands, retailers are likely to converge towards a similar 100% accredited product offer as opposed to the current product range diversity.

Alternatively, under the policy intent of offering **an** accredited product, retailers are more likely to continue to innovate and consumers will benefit with a wider range of accredited green product offerings. This will allow customers to choose to what extent they contribute to greenhouse gas emission reductions while at the same time managing their budgets.

Further, retailers that may have access to customers' consumption patterns, payment history and circumstances would be in a better position to determine the most appropriate accredited green product a customer is most willing to consume. This flexibility is more likely to generate higher sales of accredited green energy than the requirement to offer 100% accredited green first in all customer contact situations.

Finally, we do not support the inclusion of business customers in the Scheme. Many large users are likely to be captured by the Federal Government's Carbon Pollution Reduction Schemes and therefore will have obligations to reduce their emission intensity as part of that Scheme. Further, electricity costs for large industrial and commercial users can be a significant input cost and therefore these users are more likely make energy efficiency decisions (including the purchase of accredited green products) based on their commercial and budgetary circumstances.

Prior to making a final decision, we would urge the ICRC to hold a workshop / forum with electricity retailers to work through the likely impacts of the proposed license conditions. This will allow the ICRC to carefully consider all unintended consequences and implement the ACT Government's policy intent in the most effective manner possible.

Please contact me on telephone number (03) 8628 1185 or e-mail [con.hristodoulidis@truenenergy.com.au](mailto:con.hristodoulidis@truenenergy.com.au) to discuss any aspects of the submission.

Yours Sincerely

*(signed for e-mail)*

**Con Hristodoulidis**  
**Regulatory Manager**

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<sup>3</sup> Quarter 2 – 1 April to 30 June 2008.