

Ref: GL:JC:C816756

24 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

Country Energy welcomes the opportunity to provide a response to the proposed variations to our licence conditions for a mandated 100 per cent GreenPower offer to new and reconnecting customers

Country Energy is a strong advocate and supporter of the GreenPower program. Country Energy has more than 50,000 GreenPower customers in both the residential and commercial markets and will sell in excess of 75,000 MWhs of GreenPower for the 2008 compliance year. These results can be attributed to a significant campaign by Country Energy in promoting its new GreenPower product countrygreen energy™ over the last 12 months.

Country Energy has significant experience with mandated GreenPower offers in NSW and will be using this experience to implement the GreenPower initiative for our ACT customers. Accordingly, Country Energy is in the process of revising training materials to the relevant parts of the business and issuing training updates and reminders to our mass market sales team, frontline staff and all retail stakeholders.

In general Country Energy's cost to serve customers in the ACT from 1 January 2008, will be increased for the following reasons:

- As this product is an 'opt out' product, Country Energy would be required to communicate the existence of the additional charge for the product to customers at the time of their application for supply or when signing a contract with Country Energy.
- While Country Energy may inform the customer at the time of their application for supply or signing of a contract that their will be a 100 per cent Green component, customers may generally not understand the full impact of this until they receive their first invoice, resulting in increased inbound contacts from customers and the need to process adjustments.

- Country Energy will need to record additional information regarding the customer's choice to opt out of this green product to ensure that the GreenPower product charge is not automatically applied to the customers account.
- Country Energy will need to update negotiated contract wording to allow for contract changes where customers may choose to opt out of the green component only of the contract with no fees or penalties. The proposal will necessitate changes to default contracts, which will need to be submitted to relevant Community Consultative Committees. These will incur significant legal and printing costs as all existing documentation for small retail customers will be superseded, and will take time to be developed, reviewed and printed.
- All call centre, sales (including door to door and telephone) and complaints staff will require additional, detailed GreenPower and contract training.
- Additional marketing will be required and customers may be confused between mandated products and discretionary products. Existing green products may need to be retired and as a consequence cause a loss of green revenue.

Ultimately the cost increases imposed under this policy will increase retailers' cost to serve and where possible these costs will be need to be passed onto the consumer.

Country Energy's current GreenPower products are outlined in attachment 1. Based on the information contained in the licence condition we believe that the foreverGREEN 100 per cent block product (based on 6470 kWhs per annum) will comply for residential customers and the businessADVANTAGE 100 per cent variable based product will comply for business customers.

If you have any further questions in relation to this matter please contact Gerard Lang on 02 6338 3410.

Yours sincerely



Natalie Lindsay
General Manager Regulatory Affairs

Attachment 1

RESIDENTIAL			
countrygreen® product*	Accreditation level	Price including GST	GreenPower block KWh's equivalent
everydayGREEN	10%	\$1.00 extra per week	647
liteGREEN	20%	\$1.85 extra per week	1,294
livingGREEN	50%	\$3.85 extra per week	3,235
foreverGREEN	100%	\$6.00 extra per week	6,470

*countrygreen® products are based on a block size of 6,470 KWh's per annum. This is indicative of the average household electricity consumption as determined by the Department of Water and Energy. Prices are subject to change from time to time.

BUSINESS			
countrygreen® product	Accreditation level	Price including GST*	Consumption based
countrygreen® energy business	10%	1.1c extra per KWh**	Consumption
businessADVANTAGE	100%	5.5c extra per KWh	Consumption