



**January 2007, edition 11.**

For those who swore off newspapers during the holiday period, you may have missed the frenzy of takeover action in the energy industry. Not only was there the proposed \$12 billion merger between industry giants [AGL](#) and [Origin](#) ([see below](#)), but there has also been proposed a \$10 billion [management buyout](#) of infrastructure business, [Alinta](#). The Alinta proposal has seen allegations of conflicts of interest, resulting in the [resignation](#) of its CEO Bob Browning. [Allegations](#) are also being made in relation to the independence of Alinta's advisor, [Macquarie Bank](#). It remains to be seen how the regulatory system will deal with large merger and takeover deals, and how the interests of consumers are served by corporate takeovers. Mergers and ownership deals, and the concentration of market power that may follow, can put at risk the benefits that a competitive energy market can bring to consumers. Consumer representatives will be watching these developments closely.

Also in this edition of *On the Wire* is our regular update of regulatory developments in the NEM as well as news of consumer research, advocacy and analysis in the energy industry. A special piece is included on the complexities of green energy.

We welcome feedback on the information provided in *On the Wire*, as well as its design and layout. Further, we encourage you to forward the newsletter throughout your networks. Production of *On the Wire* is funded by the National Electricity Consumers Advocacy Panel. To subscribe to *On the Wire*, please email [info@consumeraction.org.au](mailto:info@consumeraction.org.au) with "On the Wire" in the subject line. The next edition of *On the Wire* is scheduled for release in March 2007. Past and the current edition of *On the Wire* can also be found [here](#).

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## 1. Regulatory developments

### 1.1 Ministerial Council on Energy

The [Ministerial Council on Energy \(MCE\)](#) has released six [Energy Market Reform \(EMR\) Bulletins](#) since the last edition of *On the Wire*. Three of these relate to the 2006 legislative package, announcing the release of a number of important documents in the energy reform process. These include:

- the [MCE response to the Expert Panel on Energy Access Pricing](#);
- an [exposure draft of new consumer advocacy arrangements legislation](#) (and [explanation](#));
- an [exposure draft of the National Gas Law \(NGL\)](#) (and [explanation](#));
- an [exposure draft of the National Gas Rules \(NGR\)](#) (and [explanation](#));
- an [exposure draft of amendments to the National Electricity Law \(NEL\)](#) (and [explanation](#)); and
- [regulatory impacts statements on aspects of the 2006 legislative package](#).

The bulk of the package legislates the new regulatory framework for electricity and gas distribution (and gas transmission) economic regulation, as well as transferring the governance and institutional arrangements for the gas regime to the national framework. The new framework for economic regulation is based upon the [Expert Panel's](#) review on network access pricing, which proposed common objects clauses for the NEL and NGL and a 'fit-for-purpose' model for regulatory decision-making. This means that the regulator does not have absolute discretion in pricing reviews, but instead is guided in its decision-making.

Other aspects of the legislative package include the implementation of a merits review mechanism for economic regulatory decisions in the gas and electricity regime, as well as new consumer advocacy arrangements (a long term funding model to facilitate consumer engagement with industry). The consumer advocacy arrangements proposes the establishment of a body similar to the current [Advocacy Panel](#), but which will be responsible for grant allocation activities and commissioning research in both the gas and electricity sectors, and which will be accountable to the [MCE](#) and the [Australian Energy Market Commission \(AEMC\)](#).

Proposed amendments also affect the processes to change the National Electricity Rules (**NER**) and NGR, which are administered by the [AEMC](#). Proposals include:

- additional requirements on applicants who propose rule changes, including providing explanations of costs and benefits of the proposal;
- a fast track process, where rule change consultations are undertaken by other bodies;
- greater discretion for the [AEMC](#) in the administration of rule-changes; and
- the introduction of a rule-change application fee (\$1,000 for consumer associations or interest groups).

In [submissions on the gas legislative package](#), consumer representatives raised concerns with various proposals in the legislative package. In particular,

- the [Public Interest Advocacy Centre \(PIAC\)](#), the [Consumer Utilities Advocacy Centre \(CUAC\)](#) and [Consumer Action](#) raised the possibility of adverse costs orders being made against consumer or public interest groups who intervene in

- merits review proceedings, effectively preventing consumer participation in reviews of pricing determinations;
- the [Alternative Technology Association \(ATA\)](#), [CUAC and Consumer Action](#) raised concerns with the Australian Energy Regulator's (**AER**) information gathering powers, potentially restricting disclosure about the operations and service of monopoly businesses;
  - [PIAC](#), [ATA](#), [Queensland Consumers' Association](#), [CUAC and Consumer Action](#) raised concerns with the definition of 'small to medium consumers' proposed by the package. The proposed definition (consumers who less than 4gWh of electricity or 100TJ of electricity) means that consumers will annual bills of \$350,000 for electricity, or \$1 million for gas, would be eligible for assistance. This appears grossly over-stated, considering that the average household uses less than 10mWh of electricity or 80GJ of gas.

Further comments can be made on the amendments to the NEL, including the rule-change process, by 22 February 2007. For more information, see [EMR Bulletin No 77](#). It appears that further details of the NER, particularly those relating to economic regulation of distribution, will be released in coming months (although a summary has been included in the [documents provided](#)).

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## **1.2 Retail Policy Working Group (RPWG)**

The RPWG has begun work in earnest, with the first two of four working papers being released since the last *On the Wire*. The working papers have been prepared by [Allens Arthur Robinson](#) lawyers.

[Working Paper 1](#), released on 23 November 2006, is perhaps of most importance to consumers, and covers the following topics:

- Retailer obligation to supply small customers;
- Retailer – small customer market contracts; and
- Retailer – small customer marketing.

The proposals in the paper are generally good for consumers, with the retention of a clear obligation on local retailers to supply customers on regulated and comprehensive terms and conditions. The paper states that "it is generally accepted that the essential nature of energy services, coupled with the current state of development and the competitive market, requires that certain customers have the benefit of an obligation to supply on regulated terms and conditions". This recognises that industry-specific consumer protections are required to supplement fair trading laws in relation to the regulation of energy contracts. The paper also proposes energy-specific regulation of marketing conduct, including in relation to product disclosure, marketer training and cooling-off periods. Issues relating to enforcement and the objects clause of the NEL and proposed NGL are also discussed in the paper.

Despite this, the paper is light on details, and the strength of proposed consumer protections remains unclear. In submissions to Working Paper 1, consumer representatives proposed the retention of consumer protections that exist in some jurisdictions. Comprehensive submissions were made by:

- [CUAC and Consumer Action](#) (on behalf of a range of Victorian organisations);
- [PIAC](#);

- [TasCOSS](#); and
- the [Centre for Consumer and Credit Law, Griffith University](#).

Comments provided on Working Paper 1 will be commented on by the RPWG in future working papers, and will contribute to development of the framework of regulation.

[Working Paper 2](#), released on 14 December 2006, covers three topics:

- Distributor obligation to provide connection services;
- Distributor interface with retailers; and
- Distributor interface with embedded generators.

The paper proposes a 'modified linear contractual model' for the relationship between consumers, retailers and distributors. From a consumer's perspective, the main purpose of the contractual model is the seamless provision of the service (ie, so that consumers deal with one entity only) and adequate protections in respect of the quality of the service. The model proposed makes the retailer directly liable to the distributor for the payment of connection and distribution services, but also deems a contractual relationship between the consumer and the distributor. This deemed contract would relate to the operational (but not financial) aspects of the distribution services (ie, quality of supply issues).

In relation to the distributor interface with embedded generation, the paper raises the possibility of utilising the [draft Code of Practice for Embedded Generation](#), developed jointly by the MCE Renewable and Distributed Generation Working Group and the [Utility Regulators Forum](#). The Code deals with arrangements for connection of embedded generators, the technical requirements for connection, and commercial arrangements relating to network charges, and payments to embedded generators.

Comments on Working Paper 2 are due by 25 January 2007.

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### **1.3 Energy Reform Implementation Group (ERIG)**

On 17 November 2006, [ERIG](#) released its [Discussion Papers](#), which recommend further reforms to the Australian energy sector in the areas of the national nature of the electricity transmission network, the efficiency of energy market structures and the performance of the energy financial markets.

Participants in the National Consumers Roundtable on Energy provided a comprehensive [joint submission](#) to ERIG on 8 December 2006. The joint submission raised a number of significant concerns with the approach and recommendations of the Discussion Papers. In particular, the joint submission argues that:

- ERIG has relied on unreliable and weak data and conjecture in reaching its conclusions.
- ERIG's focus on economic efficiency ignores the important public interest in the provision of affordable, reliable and safe supply of energy. The submission argues that competition and efficiency goals need to be balanced by other social policy goals.
- ERIG's proposal that the best way to deliver assistance to disadvantaged consumers is through Community Service Obligations (**CSOs**) does not evince a full understanding of the advantages and disadvantages of CSO programs. While CSO are important and effective in mitigating negative social outcomes

from competition reform, they are not and cannot be the sole response to market failures that result in disadvantaged consumers being worse off.

- ERIG has inappropriately pushed for further privatisation of energy assets, arguing that competitive neutrality policies are inadequate without clear supporting evidence.
- ERIG's conclusion that the Trade Practices Act is effective in dealing with energy mergers (horizontal and vertical) is based on thin evidence. The submission argues that current regulatory frameworks need to be further investigated to determine whether they are appropriate to address the complex structures of the energy industry.
- ERIG's statements about retail price regulation are disappointing and ill-informed to say the least. Maintaining that retail price caps impede competition ignores the fact that consumers have been sold retail competition on the basis that it will deliver competitive (cheaper) prices.
- ERIG's comments that more needs to be done in the areas of greenhouse gas emissions and renewable generation are promising, but fails to recognise that the Federal Government need to take a more active role in pursuing these areas.

ERIG was to finalise its report by the end of the year, however it appears that it will not be publicly available for some time. It is likely that the report will be taken to [CoAG](#) in April. For more information about ERIG, please contact Gerard Brody at [gerard@consumeraction.org.au](mailto:gerard@consumeraction.org.au) or Elissa Freeman at [elissa@piac.asn.au](mailto:elissa@piac.asn.au).

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#### **1.4 Advocacy Panel**

On 30 November 2006, the [AEMC](#) made new appointments to the [Advocacy Panel](#). Mr Frank Peach was re-appointed as chairperson with Professor Bill Russell, Ms Catherine Cooper and Mr Gordon Renouf appointed as members. The appointments take effect from 1 December 2006. The appointment of a fifth member is under consideration. Biographies of each of the members are available [here](#).

In accordance with the draft legislative package ([above](#)), the long-term model for consumer advocacy will be in place by 1 July 2007. It is likely that the above appointments will be re-appointed to the new Advocacy Panel.

On 7 December 2006, the Advocacy Panel released draft reports on:

- [Proposed funding criteria and application guidelines](#); and
- [The proposed funding requirement for 2007/08](#).

Responses were due on 8 January 2007 and, following that, final reports and determinations will be made available to the AEMC for its consideration.

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#### **1.5 AEMC Update**

The [Australian Energy Market Commission](#) (**AEMC**) is the body responsible for the [National Electricity Rules](#) (**NER**) and overseeing the [rule-change process](#). It is also responsible for policy advice regarding the NEM.

On 16 November 2006, the AEMC finalised the [Transmission Revenue Regulation Rule](#) and [Rule Determination](#). The finalisation followed additional consultation relating to the regulator's approval of forecast capital and operating expenditure after stakeholders, including consumer advocates, raised concerns with the wording in the Draft Rule. The Draft Rule proposed a 'reasonable estimates test' with respect to capital and operating expenditure – that is, the [AER](#) must accept a transmission businesses' forecast unless the AER determines it to be outside a 'reasonable estimate'. Many stakeholders were concerned that this wording reduced the discretion of the AER, thereby putting the interests of transmission businesses ahead of consumers.

The AEMC obtained additional [legal advice](#) on the matter and subsequently altered the wording of the test. It adopted a decision rule which requires the AER to accept transmission businesses' proposals 'if it is satisfied' that the amount 'reasonable reflects' efficient and prudent costs based on realistic estimates of forecast demand and cost inputs. The AEMC stated that this better strikes the appropriate balance between competing policy objectives and stakeholder interests that arise in the context of regulating natural monopoly infrastructure such as electricity transmission services. Rather than requiring the regulator to conclude that a forecast is 'unreasonable' before it can reject it, the decision rule operates to require the AER to reject a transmission businesses' proposal if it is not satisfied that it meets the criteria specified.

The AEMC has also finalised the [Transmission Pricing Regulation Rule](#) and [Rule Determination](#). This decision adopted a principles based approach, which means that the Rules are confined to setting out pricing principles and requiring the implementation of the principles through pricing methodologies proposed by businesses for the approval of the AER. This decision concludes the AEMC's review of the regulation of transmission services.

In 2007, the AEMC will also become responsible for the regulation of distribution services. The review of transmission services may be indicative of the AEMC's approach to distribution services.

On 21 December 2006, the AEMC modified the terms of reference of the [Reliability Panel](#) to extend the timetable for the work program for the [Comprehensive Reliability Review](#) from 31 March 2007 to 30 June 2007. This extension to the timetable will allow stakeholders additional consultation time.

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## **1.6 AER update**

The [Australian Energy Regulator](#) (**AER**) is the national independent economic regulator of the wholesale electricity market and electricity transmission networks in the NEM, and enforces the National Electricity Law (**NEL**) and National Electricity Rules (**NER**). As discussed above, it will become responsible for distribution and retail over the coming years.

On 21 December 2006, the [AER](#) released its first electricity market compliance bulletin, [Complying with Dispatch Instructions](#). The aim of this and future compliance

bulletins is to provide guidance on the AER's interpretation of specific provisions within the NER to assist participants in the market understand their obligations. Market compliance bulletins are a good initiative, and should be used in conjunction with other AER enforcement powers such as penalties and court action.

The issuing of this bulletin follows an [incident](#) in New South Wales in October 2005 which gave rise to a number of compliance issues, including generator obligations to follow dispatch instructions. Every five minutes NEMMCO issues dispatch instructions which tell generators how much electricity to generate. The rules establish obligations on generators to follow the dispatch instructions. However, how closely dispatch instructions should be followed has been subject to different interpretations. At times some generators have dispatched more than instructed for commercial reasons. The AER states that there are risks to system security if generators fail to accurately follow instructions and that the market rules establish a clear obligation for compliance in this area.

The AER has also issued its [draft decision](#) on the revenue cap to apply to [Powerlink Queensland](#) over the regulatory period 1 July 2007 to 30 June 2012. This is the first electricity transmission revenue reset determined by the AER. The AER invites written submissions in response to its draft decision, which close on 9 February 2007. The AER will take into consideration issues raised by interested parties on its draft decision before issuing its final decision.

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## **1.7 Nuclear Energy Review – Switkowski Report**

In late December 2006, the Federal Government's [Review of Uranium Mining, Processing and Nuclear Energy in Australia](#) finalised its report. The Review has become known as the Switkowski Report, named after the chair of the Taskforce that produced it, Ziggy Switkowski. A draft report was released for public comment in November 2006.

In relation to energy generation, the Review found that nuclear power is likely to be 20 and 50 per cent more costly to produce than power from a new coal-fired plant at current fuel prices in Australia. However, the report also argues that nuclear power is the least-cost low-emission technology that can provide baseload power and recommended that it can play a role in Australia's future generation mix.

A number of criticisms of the Review have been identified, including by the Government appointed Expert Panel (chaired by Australia's chief scientist, Dr Jim Peacock). Quotes taken from the Expert Panel's review include:

- "Expansion of nuclear fuel cycle activities need not be part of a response to climate change."
- "The draft report appears to the Review Panel to underestimate the challenge that will confront Australia if it should choose to expand the scope of its nuclear activities."
- "In our view it is unrealistic to believe that a reactor could be operating in as little as ten years. Similarly, the view that only 20 people a year would need to undergo relevant training and education is an underestimate."

The [Energy Science Coalition](#) has also produced some interesting analysis, covering off issues such as the economics of nuclear power, Co2 emissions, renewable energy and radioactive waste.

Probably the major criticism with the report is its narrow terms of reference, highlighting the urgent need for parallel reports on energy efficiency and renewable energy to balance the debate about Australia's energy future.

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## 1.8 Energy Futures Forum

On 5 December 2006, the [Energy Future Forum \(EFF\)](#) released its [final report](#). The Energy Futures Forum, a project of the [CSIRO](#), brought together industry and community groups in a scenario planning exercise exploring potential futures of the Australian stationary energy and transport industries.

The EFF ran over a two-year period and used modelling to develop future energy scenarios. These scenarios helped identify potential energy industry and technology pathways and highlighted potential impacts to society, the environment and the economy.

Some key findings of the final report include:

- On the basis of risk assessment, it is likely that the global benefits of avoiding climate change will outweigh the global costs of mitigation (this finding echoes the recently released [Stern Review on the Economics of Climate Change](#)). However, Australia's energy intensive and trade exposed industries, such as aluminium and iron and steel, and the regional areas they are based in may be disproportionately impacted.
- It is projected that both the Australian and World economies will continue to grow when carrying out greenhouse gas mitigation. Furthermore, electricity can be expected to remain affordable for households. While retail electricity prices will increase under carbon pricing by between 7 and 20 per cent by 2050, those increases will be below the change in real income per capita in Australia which is expected to rise by over 100 per cent by 2050.
- The greater the participation of countries world wide in greenhouse gas mitigation the lower the cost of mitigation for Australia.
- The cost of addressing climate change is lowest for Australia when it can choose from all available low emission technologies, in partnership with improvements in energy efficiency improvements and demand management. All low emission technologies have varying degrees of advantages and disadvantages from economic, social or environmental perspectives.
- Uncertainty regarding climate change policy in Australia increases investment risk, particularly in electricity generation. If the risks remain too high for too long then it could lead to higher electricity costs.

The EFF acknowledges that there are several key issues unresolved by its work on which further work would be valuable. One of these is the timing and nature of the mix of actions that will drive the shift towards a lower carbon energy future.

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## **2. Consumer advocacy and other information**

### **2.1 Consumer Action report on energy-specific regulation**

The [Consumer Action Law Centre](#) has recently finalised its report, [Consumer Protections in the National Energy Market – the Need for Comprehensive Energy-Specific Consumer Protections](#). This report was funded by the [Advocacy Panel](#).

The report provides an overview of current consumer protections applying to the provision of energy to residential consumers in Victoria, as well as reviewing sector specific consumer protections in other sectors. It concludes that the removal of energy specific consumer protection from the framework of energy regulation will have disastrous consequences for consumers and the operation of an efficient energy market.

The report identifies that reliance on generalist consumer protections alone (ie, Fair Trading Act) will result in a regulatory framework that excludes important consumer protections. In particular, it identifies that generalist consumer protections do not provide regulation with respect to:

- standard contract terms and conditions, for example, in relation to billing and statements of account; payment and collection; and dispute-resolution;
- ensuring access to supply, protection against disconnection and retailer obligations in relation to dealing with utility debts and the financial hardship of energy consumers; and
- various matters related to the marketing of essential services, including information provision and appropriate contractual consent protections.

Energy consumer protections in the above areas are needed to enhance and protect consumer welfare, ensuring that consumers have continued access to energy supply and are not disconnected on the basis of an incapacity to pay. Further, consumer protections (together with social protections) can work in tandem with economic and competition policy to protect and enhance consumer welfare. The report notes that consumer welfare does not involve some trade off of economic objectives of the market, rather it is a central objective of economic policy.

For more information about the report, please contact Gerard Brody, Senior Policy Officer, at [gerard@consumeraction.org.au](mailto:gerard@consumeraction.org.au).

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### **2.2 Charter of Principles for Energy Supply**

Participants in the National Consumers' Roundtable on Energy have developed a [Charter of Principles for Energy Supply](#).

The Charter notes that the application of competition principles and the creation of markets for electricity and gas have reshaped these industries, especially their relationships with governments and consumers. Governments' focus on competition and efficiency can be observed in the national electricity market objective which is:

"To promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity

with respect to price, quality, reliability and security of supply of electricity and the reliability, safety and security of the national electricity system.”

The Charter supports this objective but to recognise the industry’s importance and complexity suggests the use of the following caveat:

1. In meeting the objective of the national electricity market, all market participants (including governments and regulators) shall have regard to the essential nature of the service, the pecuniary interests of industry, diversity amongst consumers, and long-term environmental sustainability.
2. Energy should be generated, distributed and consumed in a sustainable manner, to meet the needs of consumers whilst affording effective protection of the environment and the prudent use of natural resources. Demand should be minimised and the use of renewable energy maximised to conserve and enhance environmental and social assets.

The Charter goes on to identify the following principles, stating that energy supply should be:

- Sustainable
- Accessible
- Affordable
- Appropriate
- Accountable

The full text of the Charter can be found [here](#).

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### **2.3 Proposed merger between AGL and Origin**

As mentioned in the editorial to this edition of *On the Wire*, on 4 January 2007, AGL Energy [announced](#) that it has approached Origin Energy about a possible merger. AGL and Origin are both large energy retailers and generators, operating in most states in Australia. If the deal proceeds, the merger means that almost 65% of Victoria’s energy customers could be electricity or gas buying from one retailer.

Mergers between energy businesses can have far-reaching consequences for energy consumers, by having a dampening effect on competition. Mergers may lead to significant problems for new entrants and may diminish competition. Mergers between vertically-integrated businesses can create additional market power issues. Service, quality and price outcomes for consumers may be compromised.

Any merger deal between AGL and Origin will have to pass the [ACCC’s merger clearance process](#). Section 50 of the *Trade Practices Act 1974* (Cth) states that a merger is to be rejected if it ‘would have the effect, or be likely to have the effect, of substantially lessening competition in a market’. Such a large player dominating the market is likely to have consequences for competition, particularly in the retail market. Since amendments to the merger clearance process last year, applicants can now apply directly to the [Australian Competition Tribunal](#) for merger authorisation, bypassing the ACCC. It is unclear whether this option will make it easier or more difficult for the merger to be approved.

ERIG ([see above](#)), in its review of the Australian energy market, concluded that section 50 was adequate to deal with mergers in the energy industry and recommended against additional regulation. The outcome of an AGL-Origin merger application would test ERIG's conclusion. Consumers and consumer advocates will watch the merger negotiations closely, anxious to ensure that the regulatory framework's treatment of the merger does not deliver poor outcomes for consumers.

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## **2.4 Navigating the Green Electricity market (Elissa Freeman, PIAC)**

One of the greatest challenges for consumers in a liberalised energy market is to keep pace with new products entering the market. A sophisticated market does, after all, rely on sophisticated consumers. Yet energy market products are notoriously complex and 'green' energy products are no different.

Social and political sensitivity to the realities of climate change is pressuring consumers to sign up to 'green' energy products. However, as the market currently stands, customers wanting to sign up to a 'green' energy product will find a difficult path ahead of them.

For example, environmental credentials of 'green' energy products have recently attracted criticism by environmental and consumer groups in Australia and overseas. The marketing practices of retailers have also been the subject of a complaint under the *Trade Practices Act* and questions remain about a range of new products expected to enter the market.

Environmental groups recently produced a survey of 'green' electricity products which independently reviewed the green credentials of the products on the market as at 1/11/06 (see [www.greenelectricitywatch.org.au](http://www.greenelectricitywatch.org.au)). The survey rated the products based on the following aspects:

1. How much the product increases renewable energy in Australia.
2. How clear is the information given, including the web, call centres, and printed materials.
3. How much has the retailer increased the uptake of GreenPower.
4. What is the proportion of accredited GreenPower in the product.

The website provides a valuable mechanism to compare the environmental credentials of green products. It is a comprehensive and independent survey of products. Products the subject of the survey receive a rating of 'very good', 'good', 'fair' or 'don't buy'.

The concerns of environmental groups have not gone unnoticed. The [National Green Power Accreditation Program](#), regulator of renewable energy products, has acted to deliver tighter product disclosures on accredited products and more stringent accreditation process.

The majority of renewable energy products currently on the market rely on an accreditation from GreenPower. Last November the National GreenPower accreditation scheme tightened up the definition of eligible products and launched a new product disclosure label. Retailers are now required to label accredited products

with the percentage of the product content that is accredited under the GreenPower program. The new logo and disclosure label is shown below.



The minimum allowable GreenPower content in a residential product is 10%. The new product disclosure has improved the capacity for consumer to compare like-for-like among accredited renewable energy products.

While the new product disclosure requirements will make it simpler for consumers, it does not remove obligations of energy retailers under the *Trade Practices Act*. Energy retailers must not make false or misleading representations about products or services. Misleading conduct includes lying, leading someone to a wrong conclusion, creating a false impression, leaving out or hiding important information and making false claims about products or services. In the case of 'green' energy products it relates also to the environmental claims about the product.

[PIAC](#) is currently acting for the [Total Environment Centre](#) in a complaint to the [Australian Competition and Consumer Commission](#) regarding false and misleading advertising of 'green' electricity products. The complaint relates to the marketing practices associated with a range of unaccredited 'green' electricity products.

The complex, confusing and often misleading market for 'green' energy products is not unique to Australian consumers. In December consumer groups in the United Kingdom launched a campaign to curtail misleading 'green' energy claims. Research conducted by the [UK's National Consumer Council](#) showed that while many consumers are happy to pay a premium for green energy, most green tariffs don't live up to the environmental benefits claimed. Consumer groups have raised particular concerns with 'offset' products which plant trees to offset emissions from energy production and consumption, often severely misrepresenting the environmental impact.

Offset products are starting to appear in Australian markets and will no doubt create further challenges for customers hoping to navigate the complex 'green' energy market. The products currently fall outside the GreenPower accreditation scheme but no doubt the environmental claims will be heavily scrutinised. And, like all other 'green' electricity products, they must not use false or misleading claims to sell products.

Sales of accredited GreenPower products increased by 47,000 customers in the third quarter of 2006. Consumers are increasingly trying to do their bit for the environment and should be aided to achieve their environmental goals.

Elissa Freeman is a Senior Policy Officer at the [Public Interest Advocacy Centre](#).

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## 2.5 SACOSS Electricity Advocacy Worker Resource Development Project

As part of funding received from the [Advocacy Panel](#), the [South Australian Council of Social Service \(SACOSS\)](#) is undertaking a project that has a primary purpose of enabling end users of electricity to participate in the SACOSS policy development process through raising awareness of electricity issues and to encourage low income consumers to provide a strong and independent voice about their rights and needs in relation to electricity issues. This will be achieved through the development of a resource that frontline advocacy workers (such as financial counsellors and case workers) can use to build on their existing advocacy skills when dealing with individual or group advocacy situations.

If you or your organisation would like to be involved in the project or kept up to date with the project's outcomes, please contact Project Officer Anna Kennett at [anna@sacoss.org.au](mailto:anna@sacoss.org.au).

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