

WESTERN POWER NATURAL POWER SCHEME, CUSTOMERS SUBSCRIBING

307. Hon Jim Scott to the Minister for Housing and Works representing the Minister for Energy

- (1) How many customers have signed up for the Western Power Natural Power scheme?
- (2) What proportion of Western Power's customers subscribe to the natural power scheme?
- (3) What proportion of customers use green power options in New South Wales and Victoria?
- (4) Can the Minister explain the reasons for these differences?

Hon TOM STEPHENS replied:

- (1) At the end of October 2001 there were a total of 639 customers choosing NaturalPower:

574 – residential customers

65 – commercial customers

- (2) Less than 1 per cent of Western Power's total customer base has chosen NaturalPower. The reasons for this are discussed below in question 4.
- (3) The best source of data to answer this question is the Green Power August 2001 Report issued by SEDA (NSW). The statistics provided in the report were broken down by individual retailer. The proportion of customers stated below is only indicative of the residential market take-up of green power products.

The cumulative proportion of domestic green power customers is:

New South Wales – 2.9% of residential market choose the green power option.

Victoria – 2.1% of residential market choose the green power option

Although specific statistics are not available for the commercial market, the take-up trend across Australia has been significantly lower than the residential market. Commercial customers are considerably more constrained by business drivers and economic factors affecting their decisions regarding green power options.

- (4) Reasons for the discrepancy of green power take-up rates between Western Australia, Victoria and New South Wales include:

- NaturalPower was launched in March 2000 and is a fairly immature product in comparison to some of the eastern states green power products that have been active for longer periods (generally 2-3 years).

- Overseas and eastern states experience has reflected a fairly long education and awareness period, followed by accelerated take-up. A joint report by Murdoch and Wollongong university indicated that customers have a low level awareness and only basic understanding of electricity generation, renewable technologies and the outcomes and benefits of green power programs. Therefore, take-up rates are initially low until familiarity and interest about the issues and subject improves.

- There are multiple retailers operating in the eastern states market and this may contribute to the reinforcement of the 'green' message through simultaneous and competing promotional activities and campaigns.

- Apart from a major launch campaign for NaturalPower, there were limited advertising campaigns during 2000. To increase the take-up of NaturalPower, Western Power has recently increased advertising and promotional activities, including a TV commercial and targeted marketing campaigns to particular market segments. Western Power expects this positive trend to continue with the recent commissioning of the Albany wind farm and continued TV, press and radio advertising.

- The 3 cent price premium for NaturalPower (and other green power products) is fairly standard across all retailers. Therefore, it is not a contributing factor to the relatively low take-up rate for Natural Power.

- The presence, recognition and credibility of independent organisations in the eastern states such as SEDA, AGO and ERM have assisted retailers in focusing attention on the issue of green power and the availability of green power products and options. Retailers have been able to better leverage the advertising and promotional activities of these organisations.