

01.10.19

BY EMAIL

Australian Competition and Consumer Commission
23 Marcus Street
CANBERRA ACT 2601

Attn: Susie Black

By email: adjudication@accc.gov.au

Dear Ms Black

RE: AA1000439 – New Energy Tech Consumer Code

I am Chris Donges, the finance manager of Genpac Energy. Genpac Energy supplies solar panel and battery systems to consumers and businesses Australia wide. Since our establishment in 2016, we have installed thousands of systems. Genpac Energy is a Clean Energy Council Approved Solar Retailer and holds manufacturer accreditation/endorsement with a number of large publicly listed companies.

As an established installer and provider of solar and battery systems to consumers, Genpac Energy supports the authorisation of the New Energy Tech Consumer Code (NETCC) in its original draft form. Genpac Energy does not support the amendment provided by the CEC and others on 6 September 2019.

While we support the NETCC generally, we wish to make the following submissions in support of the original draft code:

1. Prohibiting unregulated credit will not affect the availability of credit for consumers purchasing NETCC products

Submissions to the ACCC by certain vendors of new energy technology and providers of unregulated buy-now-pay-later (BNPL) finance claim that the proposed prohibition on BNPL finance will reduce the availability of finance for consumers to purchase new energy technology, thereby harming vendors and competition. It is our experience that these harms will not occur for two reasons:

- a) Regulated credit providers are able to replace the finance currently provided by unregulated BNPL financiers with financiers regulated under the NCCPA. Such regulated providers include RateSetter, Community First Credit Union, Classic Funding and Macquarie bank. In addition, consumers may choose to finance the purchase of new energy tech through redrawing or extending their existing mortgage. Further, we note that several BNPL providers are already offering regulated finance. For example, Brighte already offer a regulated product to consumers, that would be easily available to its existing vendor partners.
- b) Credit appetite and approval criteria for regulated finance is generally similar to or the same as unregulated BNPL providers, ensuring that the same types of consumers are able to access finance, whether they are utilising regulated or unregulated finance

As an example, Genpac Energy has replaced the use of BNPL finance in our business with regulated finance without negatively impacting our business or our customers. We consider that most vendors of new energy technology would have a similar experience.

2. Prohibiting unregulated credit will promote fair competition between new energy tech suppliers

Genpac Energy believes that prohibiting the promotion of unregulated BNPL finance by energy tech vendors will ensure a more level playing field amongst vendors for several reasons:

- a) Many consumers believe that 'interest free' means 'cost free', however, the price of interest free finance is often paid for by consumers through an increased system price (price inflation). Vendors who provide customers regulated credit with transparent pricing are often at a significant competitive disadvantage to vendors offering BNPL finance, because consumers falsely believe that so-called 'interest free' is cheaper. The opaque pricing of BNPL finance prevents vendors being able to compete effectively on price.
- b) This is compounded by the requirement under the NCCPA that advertisements which state a finance repayment figure need to also show an interest rate and comparison rate. Unregulated financiers do not need to show any form of finance cost or rate in an advertisement, making 'interest free' systems seem cheaper, even where they are being sold at a higher total cost.
- c) Unregulated financiers do not need to meet responsible lending requirements, which allow vendors who utilise BNPL finance to sometimes offer faster, simpler approval processes, but at the cost of consumer welfare. Vendors should be able to compete on a level playing field without placing a consumer's financial wellbeing at risk.

3. Ensuring only responsible, regulated finance for new energy tech products will help protect consumers and will help improve the reputation of the industry

Genpac Energy believes that purchasing a solar or battery system is for many consumers, a significant investment, and vendors should, at all times, aspire to ensure customers are informed, empowered and protected against poor outcomes.

We believe that 'tidying up' this industry will lead to increased demand for and trust in household renewable energy products, helping consumers, vendors and the environment. Acting to prohibit the BNPL finance which inherently exploits consumers' lack of financial understanding while offering few meaningful consumer protections, will have a positive effect on the reputation of the new energy tech industry as a whole, increasing consumers confidence in the sector.

Noting the points above, we urge the ACCC to authorise the version of the NETCC that prohibits unregulated so-called 'interest free' credit.

If you wish to discuss this submission further, please contact me on

Kind regards,

Chris Donges

Finance Manager

Genpac Energy