

# **Greenwashing and energy consumers**

Submission to the Senate Standing Committees on  
Environment and Communications

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## About the Justice and Equity Centre

The Justice and Equity Centre is a leading, independent law and policy centre. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we work with people and communities who are marginalised and facing disadvantage.

The Centre tackles injustice and inequality through:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

## Energy and Water Justice

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making. We help to accelerate a transition away from fossil fuels that also improves outcomes for people. We work collaboratively with community and consumer groups across the country, and our work receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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## Recommendations

### ***Recommendation 1***

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*That the Committee highlights the importance of adequate regulatory resourcing and support regulators - particularly the ACCC – being fully resourced to address greenwashing in the energy industry.*

### ***Recommendation 2***

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*That the Committee supports the development of consistent, reliable, government-sponsored information that fully interrogates the costs and GHG emissions of different forms of energy sources for homes, and that the Government ensures this information is accessible, robust and independently verifiable.*

### ***Recommendation 3***

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*That the Committee further investigates the work that the European Union has undertaken in relation to greenwashing and how this has increased transparency for consumers.*

## 1. Introduction

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Senate Standing Committees on Environment and Communications inquiry into greenwashing. This inquiry addresses an issue of critical importance to energy consumers and the successful transition of the energy system.

The Justice and Equity Centre represents the interests of all households in equitable, sustainable, dependable and affordable access to essential energy services. As part of our work, we seek to ensure they have reliable, accessible and accurate information regarding the sustainability performance of energy-related products and services. This includes the wider performance of the businesses providing those services.

This information is a critical foundation enabling households to make choices that meet their energy needs and supporting the transition to a net-zero emissions economy. Greenwashing overstates or obscures accurate information making it more difficult for consumers to navigate what is already a complex energy market.

## 2. Greenwashing impacts energy consumers

Greenwashing is a serious and growing issue, particularly in energy products and services. It has direct costs to consumers, as well as a range of indirect impacts on consumers, consumer confidence and the effectiveness of markets for energy services.

Research consistently demonstrates that green claims are an important part of consumer decision making.<sup>1</sup> This is particularly important in the energy sector, which relies heavily on prominent environmental claims in advertising.<sup>2</sup> The retail energy market is already incredibly complex, with consistent evidence of retail practices confusing consumer choice and decision-making.<sup>3</sup> Poor or misleading environmental claims and confusion terminology adds further barriers for consumers to find plans that demonstrate value and meet their needs.

Greenwashing often results in:

- consumers incurring additional costs (through products and services sold at a 'green premium'),
- consumers being discouraged or diverted from purchasing genuinely green products,
- consumer confusion and the erosion of consumer confidence in genuine claims of environmental sustainability, and

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<sup>1</sup> Consumer Policy Research Centre, 2022, [The consumer experience of green claims in Australia](#), p 6.

<sup>2</sup> Consumer Policy Research Centre, 2023, [Seeing green](#) p 5.

<sup>3</sup> CHOICE, 2025, [The Power of Confusion: CHOICE designated 'super' complaint on energy plans](#)

- diverting investment away from products and services that are genuinely environmentally sustainable. This not only directly impacts the energy system transition but can undermine the development of efficient and affordable green energy products and services.

The result is increased energy costs for consumers, and decreased consumer understanding of, and confidence in genuine environmental claims. This fundamentally undermines the ability for consumer choice and energy markets more broadly, to support a rapid and efficient transition to a sustainable net-zero energy system.

### 3. How greenwashing occurs in the energy industry

Because of the prominence of the energy sector in emissions reduction, and the value consumers place on environmental credentials, businesses in the energy industry have a strong incentive to make claims which may overstate or confuse. This can take many forms. Claims can be vague, misleading and/or aspirational, and can often relate to the use of offsets to achieve net-zero emissions, unproven technologies, or selective accounting. We highlight the work of the Consumer Policy Research Centre<sup>4</sup> and Environmental Defenders Office<sup>5</sup> detailing how these claims typically manifest.

#### 3.1 Greenwashing in the gas sector

Gas has become one of the most problematic areas for greenwashing impacting energy consumers and provides strong evidence in support of more proactive measures being required to prevent greenwashing.

Methane, commonly referred to as ‘natural gas’ is a significant contributor to climate change. As action to reduce emissions accelerates, companies in the gas supply chain are facing the challenge of electrification and a reduced – or at least very different - future market. In the face of these challenges, they have a strong incentive to overstate the future of gas. A key example is their use of the term ‘renewable gas’.

“Renewable gas”, is an opaque term referring to a range of potential products, including:

- products which may be genuinely zero emissions – such as hydrogen produced with 100% renewable energy,
- products which can be net-zero emissions under some circumstances – such as biomethane from some sources,
- a range of other products and blends which may involve significant emissions – such as hydrogen sourced from fossil gases.

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<sup>4</sup> Consumer Policy Research Centre, 2023, [Seeing green](#)

<sup>5</sup> Environmental Defenders Office, 2023, [Energising Net Zero in the Energy Industry](#)

As well as having a wide-range of emissions intensity (and sustainability value), many of these products have extremely high economic and technical barriers to widespread use.<sup>6</sup>

The Australian Competition and Consumer Commission (ACCC) recently launched Federal Court action against gas distributor Australian Gas Networks Limited (AGN) alleging it misled consumers in asserting that the gas it distributes to households on its network will be renewable within a generation.<sup>7</sup> The ACCC characterised this as a misleading claim and a breach of Australian Consumer Law. This Federal Court action is ongoing but could help to develop an understanding of the types of messaging that is considered misleading. It is worth noting that ‘misleading’ behaviour is difficult to prove, and that many claims which are intentionally confusing or obfuscating, may not be able to be proven to be misleading. This is an important consideration in relation to the issue of greenwashing and the effectiveness of a reactive enforcement approach.

There have been clear examples of greenwashing relating to gas appliances. The Ad Standards Community Panel found an advertisement by AGN broke the Australian Association of National Advertisers’ Environmental Claims Code with a social media post claiming electric cooktops are vastly more expensive and more emissions intensive than cooking with gas.<sup>8</sup>

Claims by gas distribution network service providers that using natural gas home appliances is less costly and produce less emissions than grid electricity can also be regarded as ‘greenwashing’. These claims selectively quote costs and GHG emissions data and often rely on unrealistic ‘point in time’ assessments, rather than comparisons over the life of the appliances.

These are specific examples demonstrating a wider tendency in the gas industry to use broad ‘renewable’ credentials to omit or obscure detail which is critical for an informed consumer decision.

### 3.2 Greenwashing in energy retail

Green claims in energy retail are only becoming more prominent and more problematic as part of wider practices which confuse consumers. These claims by energy retailers target consumers’ interest in environmental outcomes, advertising “green tariffs” and “carbon-neutral” products, and by using strongly suggestive images of renewables in adverts. Limited consumer attention and understanding can be easily manipulated through such practices.

In many cases the claims misrepresent the nature of the energy supplied and/or the use of emissions offsets. Some retailers offer “carbon neutral” energy products, which rather than offering renewable electricity rely on the consumer paying extra to purchase carbon offsets.<sup>9</sup> Offsets are not well understood by consumers. Critically, these offsets may be difficult to verify, often rely on questionable accounting, and can often be based on projects outside of Australia. EnergyAustralia recently publicly acknowledged that customers who opted into its ‘Go Neutral’

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<sup>6</sup> International Renewable Energy Agency, 2022, [Global hydrogen trade to meet the 1.5°C climate goal: Part II – Technology review of hydrogen carriers](#)

<sup>7</sup> Australian Competition & Consumer Commission, 2025, [Australian Gas Networks in Court over alleged greenwashing in renewable gas campaign](#)

<sup>8</sup> Ad Standards Community Panel, 2025, [Case Report 0058-25](#)

<sup>9</sup> Environmental Defenders Office, 2023, [Energising Net Zero in the Energy Industry](#), p 16.

product were receiving energy sourced predominantly from fossil fuels. There are legitimate concerns that carbon neutrality marketing based on the use of carbon offsets causes many consumers to reasonably conclude there is no environmental impact from a product.<sup>10</sup> Many retailers continue to offer such “carbon neutral” offers.

Consumers need stronger measures to ensure the information businesses provide them is accurate and clear so they can identify energy services they value, and trust they are being delivered that value.

## 4. Pro-active protection from greenwashing

While the JEC welcomes recent initiatives in climate impact reporting and enforcement there is an urgent need for more proactive measures to prevent greenwashing in the energy industry. Regulatory enforcement action lags behaviour, and struggles to deal with behaviour – like greenwashing in energy – which is widespread. Without stronger proactive measures greenwashing in energy will continue, and will evolve ahead of regulators. Beyond the immediate impacts on consumers, this has serious implications for the effectiveness of action to reduce emissions and mitigate climate change.

The JEC supports the current enforcement focus on greenwashing by regulators, including both the ACCC and Australian Securities and Investments Commission (ASIC).<sup>11</sup> It is important in future years regulatory enforcement action against greenwashing is fully resourced, given the importance of protecting consumers against the impacts of greenwashing.

### ***Recommendation 1***

*That the Committee highlights the importance of adequate regulatory resourcing and support regulators - particularly the ACCC – being fully resourced to address greenwashing in the energy industry.*

The current regulatory focus is evident in the emergence of guidance including:

- ACCC Making environmental claims guide for businesses (2023)<sup>12</sup>,
- Australian Association of National Advertisers Environmental Claims Code (2025)<sup>13</sup>,
- Australian Energy Council Emissions Reporting Guide<sup>14</sup> and AASB S2 Scenario Analysis Practice Guide<sup>15</sup> (2025), and

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<sup>10</sup> EnergyAustralia, 2025, [Go Neutral Litigation – EnergyAustralia acknowledges issues with “offsetting” and moves away from carbon offsets for its residential customer products](#)

<sup>11</sup> See ACCC, 2025, [Compliance and enforcement priorities](#) and ASIC, 2024, [Our vision and strategic priorities](#)

<sup>12</sup> Australian Competition & Consumer Commission, 2025, [Making environmental claims](#)

<sup>13</sup> Australian Association of National Advertisers, 2025, [Environmental Claims Code](#)

<sup>14</sup> Australian Energy Council, 2025, [AEC Emissions reporting guide](#)

<sup>15</sup> Australian Energy Council, 2025, [Scenario analysis practice guide](#)



- Australian Government Climate-related transition planning guidance (in development).<sup>16</sup>

However, uptake of such guidance is voluntary and as such, is likely to have limited impact. As discussed throughout this submission, there have been numerous recent instances of legal actions against alleged greenwashing both in the energy industry and beyond. While these have had some promising results, such actions are piecemeal, reactive and often struggle for success.

Energy retailers' sustainability and climate reports are too technical and inaccessible to be any reasonable basis for informed consumer choices. Consumers would be aided by consistent, reliable, government-sponsored information that fully interrogates the costs and GHG emissions of different forms of energy sources for homes. The JEC recommends the Committee support the development of such information, and that the Government ensures this information is accessible, robust and independently verifiable.

## **Recommendation 2**

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*That the Committee supports the development of consistent, reliable, government-sponsored information that fully interrogates the costs and GHG emissions of different forms of energy sources for homes, and that the Government ensures this information is accessible, robust and independently verifiable.*

We recommend the Committee further investigate the work that the EU has undertaken in relation to greenwashing and how this has increased transparency for consumers, as previously highlighted by the Consumer Policy Research Centre (CPRC).<sup>17</sup> The JEC endorses the CPRC's recommendation that the Government should:

1. Amend the Australian Consumer Law to include a ban on unfair business practices.
2. As part of this reform, include a blacklist of practices that are classified as unfair. This list should include practices already identified by the EU as unfair, including:
  - a. using generic environmental claims without evidence,
  - b. making generic environmental claims on the basis of offsetting alone,
  - c. misusing third-party certifications,
  - d. making excessive or unhelpful green claims including claims about an entire product when it's only relevant to a specific aspect, and
  - e. restricting repairability and durability.<sup>18</sup>

These recommendations would help to clarify information presented by the energy sector, for example:

- creating a higher standard of evidence to be able to advertise "carbon neutral" products,
- including qualifiers about the uncertainty of environmental impacts of a product,

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<sup>16</sup> The Treasury, 2025, [Climate-related Transition Planning Guidance Consultation paper](#)

<sup>17</sup> Consumer Policy Research Centre, 2024, [Response to request for more information on the EU approach to greenwashing](#)

<sup>18</sup> Consumer Policy Research Centre, 2024, [Response to request for more information on the EU approach to greenwashing](#)

- better explaining existing uncertainty about the future/viability of new technologies, and
- restricting the use of imagery of renewables to only be applied to products that are 100% renewable sourced.

### ***Recommendation 3***

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*That the Committee further investigates the work that the European Union has undertaken in relation to greenwashing and how this has increased transparency for consumers.*

## **5. Further resources**

### **Previous submissions from the Justice and Equity Centre relating to greenwashing in the energy sector**

Public Interest Advocacy Centre, 2023, [Submission to the Senate Standing Committees on Environment and Communications](#)

Public Interest Advocacy Centre, 2022, [Submission to OECC and NSW Treasury GreenPower Program Review Consultation](#)

### **Research on the prominence of greenwashing in the energy sector and how it occurs**

Environmental Defenders Office, 2023, [Energising Net Zero in the Energy Industry](#)

Consumer Policy Research Centre, 2024, [Response to request for more information on the EU approach to greenwashing](#)