



17 August 2023

James King  
Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000

Dear Mr King

## **RE: Harmonising the electricity network planning and investment rules with the updated energy objectives**

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) rule change requests ERC0362 and ERC0376 on harmonising the national energy rules (NER) with the emissions reduction component to be included in the updated energy objectives.

### **About Shell Energy in Australia**

Shell Energy is Shell's renewables and energy solutions business in Australia, helping its customers to decarbonise and reduce their environmental footprint.

Shell Energy delivers business energy solutions and innovation across a portfolio of electricity, gas, environmental products and energy productivity for commercial and industrial customers, while our residential energy retailing business Powershop, acquired in 2022, serves more than 185,000 households and small business customers in Australia.

As the second largest electricity provider to commercial and industrial businesses in Australia<sup>1</sup>, Shell Energy offers integrated solutions and market-leading<sup>2</sup> customer satisfaction, built on industry expertise and personalised relationships. The company's generation assets include 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, supporting the transition to renewables, and the 120 megawatt Gangarri solar energy development in Queensland.

Shell Energy Australia Pty Ltd and its subsidiaries trade as Shell Energy, while Powershop Australia Pty Ltd trades as Powershop. Further information about Shell Energy and our operations can be found on our website [here](#).

### **General comments**

Shell Energy is broadly supportive of the proposed rule changes to harmonise the national energy rules to factor in the updated energy objectives. Ensuring that the new emissions reduction objective is integrated into the NER in a transparent manner will be important to allow the new objective to work in practice.

We have two areas we wish to provide comments. The first is whether the provision on power system needs for the Integrated System Plan (ISP) should be revised to align with the updated objective. In our view there is a risk

---

<sup>1</sup>By load, based on Shell Energy analysis of publicly available data.

<sup>2</sup> Utility Market Intelligence (UMI) survey of large commercial and industrial electricity customers of major electricity retailers, including ERM Power (now known as Shell Energy) by independent research company NTF Group in 2011-2021.



that a misalignment between the environmental policies considered as part of clause 5.22.3(b) of the NER and those considered in the Target Statement could result in perverse outcomes. Further, a misalignment may make it more challenging to accurately determine the market benefits associated with emissions reduction.

Shell Energy considers that clause 5.22.3(b) should explicitly reference the Target Statement to ensure that there is a consistent approach across the ISP and the policies that relate to the emissions reduction objective of the national energy objectives.

The second issue we have identified is the need to ensure additionality. That is, ensuring the emissions benefits of projects are not double counted. The existing approach in AEMO's Inputs, Assumptions and Scenarios Report (IASR) ascribes a carbon budget for the NEM. In our mind, this represents a baseline trajectory for emissions reduction that should be achieved through existing policies. To the extent that new projects achieve more emissions reduction (i.e. results in using less of the carbon budget, or reduces emissions below the baseline trajectory) then this would represent a benefit that should be valued and added to the total benefits of a project. We would be concerned by approaches that double-count emissions reduction by including the value of any emissions reductions that will occur regardless of the project, project option or further policy intervention.

Shell Energy considers as part of this rule change, the AEMC should set out how the baseline emissions trajectory is established, from which the benefits of any additional emissions reductions can then be valued.

For more detail on this submission, please contact Ben Pryor, Regulatory Affairs Policy Adviser ([ben.pryor@shellenergy.com.au](mailto:ben.pryor@shellenergy.com.au) or 0437 305 547).

Yours sincerely

[signed]

Libby Hawker  
GM Regulatory Affairs & Compliance