



6 September 2023

Australian Energy Market Commission  
GPO Box 2603  
Sydney NSW 2000

Submission email: [www.aemc.gov.au](http://www.aemc.gov.au)

RE: Energy Security Board Bill Transparency Consultation Paper

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) review into the Energy Security Board Bill Transparency Consultation Paper ('the Paper').

## 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 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.

## Summary of Shell Energy Recommendations

Priority	Shell Energy Recommendation
High	Pause progression of the project and options in favour of a cost benefit analysis
High	Consult with retailers throughout the cost benefit analysis on implications of each option
High	Further consultation and engagement with data requesters to: <ol style="list-style-type: none"><li>1. Create a central focus on how these bodies may streamline their data requests, and</li><li>2. Create better transparency around the end use of customer billing data</li></ol>

<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.

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	Consideration of how a streamlined process would be implemented on data requestors
	Consideration of confidentiality and associated commercial impacts

### General Comments

Shell Energy appreciates the intent of the Billing Transparency Paper, in that it is seeking methods and processes to better understand what customer billing data may be available from retailers. Shell Energy supports that the AEMC’s ultimate outcome is to facilitate positive consumer outcomes now and into the future. Shell Energy does however have some concerns which have been raised through the consultation. Most notably, the core concern is that this process will sit alongside existing data reporting requirements and add further cost and time resources on the retailers. While Shell Energy supports the AEMC in creating a streamlined data reporting process which should facilitate positive consumer outcomes, our support is conditional upon ensuring that this data reform will achieve consistency and unity of reporting requirements where other reforms have not.

In recent years retailers have invested heavily in meeting new regulatory obligations covering billing, disclosure, and pricing mechanisms that have sought to make energy more affordable or easier to understand for consumers. At a time when cost pressures are felt across the industry, we believe any further major changes and investment in systems needs to be substantiated by net benefits, a reduction in retailers’ cost to serve and demonstrate positive impacts to customers.

Shell Energy understands that quality data can unlock value to customers, policy makers and regulators, and that it makes sense to ensure that data is accessible for analysis and is based on a single, consistent version. Quality data provides the foundations for robust analysis where patterns are identified, problems are explained, and policy development is accurately targeted and measured. As the Paper correctly advises, access to billing data is already provided to a multitude of regulators and government bodies (80 data sets across 25 organisations)<sup>3</sup> by retailers.

However, there is a lack of transparency as to how this data is used or if it is indeed utilised in an effective manner. The project would benefit from further engagement with market participants who are closest to both the data and the consumer. More data does not necessarily lead to better decision making. Data quality and consistency is important, and Shell Energy seeks that data requestors must clearly articulate how exactly prioritising additional data will improve policy making to the benefit of consumers.

To achieve this, Shell Energy recommends that further consultation and engagement is prioritised with data requestors, as identified in the Paper, to both create a central focus on how these bodies may streamline their data requests, and to create better transparency around what objective the collection of customer billing data will seek to achieve.

In Shell Energy’s view, there is significant value to be gained for the project in completing a cost benefit analysis (CBA). Establishing that there are net benefits from any of the options presented should be pivotal to the project’s progression, as well as enabling industry to properly consider the options which will only come through access to a CBA. This is particularly important as there are few organisations (public or private) that would support a position without fully comprehending a proposals financial impact. While the paper looks at data gaps and the necessity to fill those gaps, equal consideration should be given to the cost impact on retailers investing further in data provision. Ultimately data provision and regulatory change comes at a cost to market participants, impacting the cost at which energy is provided to consumers. We see that any reform around data provision and subsequent

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<sup>3</sup> AEMC Energy Security Board Bill Transparency Consultation Paper, Page 74, Appendix C



regulatory change imposed on retailers should look to opportunities in both data quality considerations but also efficiency gains, streamlining and removing all duplication of data requests that retailers are currently subject to.

Shell Energy therefore recommends that the AEMC conduct a full and frank CBA to substantiate the Billing Transparency project, as well as determine how these costs and benefits may be applied at a granular level to each of the proposed options. As part of this process, we see that retailers should be consulted and have opportunity to provide feedback on the likely cost imposition from the proposed options. Shell Energy also recommends that the CBA be conducted in consultation with industry so that the project may start to garner support or opposition to each of the proposed options. This will enable the AEMC to undergo a robust analysis of the options based on comprehensive and tangible feedback.

For those reasons stated above, Shell Energy withholds its position on the Paper's proposed options until a CBA has been conducted. Our support or opposition to any option would be entirely dependent on the outcomes of the CBA, so that we can fully comprehend what level of resource or commitment is required of each option as an energy retailer. Shell Energy also seeks consideration of how the AEMC will impose a fully streamlined data collection process from the bodies who request consumer data. Further, as part of the CBA, the AEMC must consider the ongoing purpose of existing additional data requests, including Section 95ZK requests, which are regularly received by retailers from the Australian Competition Consumer Commission (ACCC) and consume significant resources.

Shell Energy strongly encourages the AEMC to pause this process in favour of a CBA to ascertain how further consultation on the Billing Transparency project will be framed in light of the benefits found through the analysis.

Finally, the paper does not examine confidentiality. Whilst privacy is considered, there are also strict confidentiality provisions in the Rules that are there to protect customers from the disclosure of their data, improper use, and from unauthorised access to data. It is our view that any accessibility under the options should also consider the impact to confidentiality. Furthermore, commercial impacts from disclosure are not covered in the Paper. Greater involvement and consultation with market participants in articulating commercial impacts is essential.

If the AEMC and other bodies do see the benefit of a new Bill Transparency regime, then Shell Energy strongly believes it should productively replace other data enquiries, including those from Victoria, so that industry can manage requirements efficiently and see that all data is being managed at a single source of truth.

Please find **below** Shell Energy's response to the Paper's questions, relevant to this submission. Questions that do not have a response from Shell Energy should be taken as subject to an open CBA as discussed above.

## Conclusion

Shell Energy would support the AEMC testing the validity of the original assumptions in the ESB paper and seek an approach of undertaking a full CBA on the merits of the Paper. Shell Energy would like to engage the AEMC as part of this process to assist with understanding the commercial implications, costs, and complexities of sharing customer billing data.

If you have any questions in relation to this submission, please do not hesitate to contact Alan Love at [alan.love@powershop.com.au](mailto:alan.love@powershop.com.au).

Yours sincerely,

Libby Hawker  
GM, Regulatory Affairs and Compliance



## Shell Energy response to consultation questions

### The need to improve access to billing data

#### Q2. What are the issues faced by data holders or data users in providing and/or collecting data?

The paper outlines the “unnecessarily high costs”<sup>4</sup> and resource burden placed on retailers for multiple, or duplicate information requests from regulators and policy makers. One of the benefits that could stem from this project is alleviating both the need for duplicative requests but also focussing resources on quality data that is imperative for policy makers. There are opportunities to rationalise existing information as a first step, prudently limiting the need for new reporting by removing data that has a speculative or uncertain value.

Much of the regulatory burden is based on duplicate requests placed on retailers. For example, the issue of Victoria’s regulative regime remaining inconsistent to the NECF currently means that the Essential Services Commission can continue to request data which is often duplicative in its objective and purpose to that of the data requested by the Australian Energy Regulator, but requires data derived with a different methodology. This requires separate reporting systems when the rationale for the data is the same.

As the Paper directly acknowledges, any cost benefits are eroded when “Excluding Victoria could significantly reduce the value in understanding new arrangements and an ability for policy holders to manage a range of emerging risks. It could also lead to Victoria seeking to duplicate arrangements, reducing the potential benefits from streamlining data collection and potentially limiting data sharing”<sup>5</sup>.

Shell Energy see the importance of a whole of industry approach for the success of this project and that includes removing inconsistencies and duplication across jurisdictions.

### Gaps in Billing Data

#### Q5. Of the limitations identified, what are the most critical issues faced by policy makers? Are there other limitations which have not been identified?

Billing data may contain commercially sensitive information. Therefore, policy makers need to be clear on the purpose and apply the necessary barriers and protections. We believe confidentiality needs to be a key factor for consideration in the project.

### Components of any data gathering solution

#### Q6. Do you have views on the scope of data collected and preferred common data standards?

Whilst a centralised and a more co-ordinated way to collect billing data seems appealing, utilising a dataset such as the Consumer Data Right (CDR) should be the priority to streamline external data sharing from retailers. CDR has also been standardised across many retailers, as mentioned in the Paper, at a significant cost to industry and ultimately customers.

#### Q7. Do you have views on the preferred body to collect the data?

Shell Energy believes a proposed CBA undertaken by the AEMC as recommended in this submission should clarify the most effective and responsible body to collect data. A CBA should consider efficiency gains but also the impact of system and process changes that may act as a barrier to enter the energy market.

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<sup>4</sup> AEMC Energy Security Board Bill Transparency Consultation Paper, Page 8

<sup>5</sup> AEMC Energy Security Board Bill Transparency Consultation Paper, Page 47



**Q8. Do you have views on the collection of data from retailers and considerations to optimise this? What scope of retailers should be included?**

Shell Energy supports the rationale for Options 3 and 4, as they would not impose unnecessary and disproportionate costs on smaller retailers with fewer than 10,000 customers initially, but rather would look to include smaller retailers in the future. Regardless of the options progressed, Shell Energy would be supportive of an approach to exclude small retailers. This would ensure that any benefits or early challenges could be assessed with retailers who are better resourced rather than imposing on smaller businesses who are less able to absorb the cost of change to data reporting.

**Q13. Do you have views on the frequency of data collection and the relative cost and timeliness of data collection?**

In relation to data collection frequency, in order to extract solid insights out of the billing data, typically an annual data set is required of the customer. Shell Energy recommends collecting this data only on an annual basis and only with customers that have at least 12 months of bills to avoid any seasonality biases. Collecting data at a monthly or quarterly basis may skew the data with activities such as bill reversals, bill smoothing mechanisms, or prepayment.

Shell Energy also advise that significant resourcing constraints are an important consideration in determining the frequency of information to be provided by retailers. On this basis, we believe that annual submissions are most appropriate, which is also consistent with the current process with the ACCC.

**Q14. Do you have views on how to best facilitate sharing to ensure consumer benefits? What considerations are required around linking while also ensuring privacy? Is there a preferred body to facilitate?**

Should the Billing Transparency project continue, the best facilitation of data sharing would be one where the preferred body does this to efficiently limit the number of information requests imposed on retailers. Having a central body managing a single repository of data to which retailers can provide information to, efficiently reduces the burden of constantly managing multiple information requests from governments and market bodies and provides a single source of truth for data accuracy and consistency.

#### **Options for data collection, management and sharing**

**Q15. Are there other options that we should consider for collection, sharing, and analysis and reporting of billing data?**

Ideally, any proposed reform in data provision should look to minimise any additional reporting requirements and therefore retailers' regulatory compliance costs. Currently the sporadic nature of information requests retailers receive from jurisdictions, market bodies, or other agencies, resourcing is ad hoc and there is no clear way to account for the associated costs of these requests within the business. Typically, this means that data requests must be absorbed by existing resources, putting pressure on meeting other compliance obligations and potentially activities to support consumers.

Shell Energy urges the AEMC to carefully consider any additional reporting requirements which the retailers will be subject to alongside Billing Transparency. This, as well as a CBA, will highlight whether the data to be collected will be justified in providing any real insights or benefits to consumers.

#### **Assessment criteria**

**Q16. Are there any other assessment criteria or relevant considerations which we should include to determine the preferred option?**

Shell Energy suggests that without a full CBA performed, it is premature to support an option as we need to fully understand the implications of each option and associated costs to energy retailers. In the worst-case scenario,



retailers could be subject to costs associated with the implementation of a preferred option, as well as continuing to receive further information requests which are not adequately captured under Billing Transparency.

Instead, Shell Energy would support an investigation into the opportunities which could focus on data quality and rationalise the need for customer billing data to reduce the regulatory burden and therefore the cost of energy provision to consumers.

#### **Preliminary assessment of the options**

**Q17. Do you agree with our preliminary assessment of each option?**

No, please refer to our response under Question 7.

#### **Recommendations**

**Q18. Do you agree with ESB's recommendations?**

No, please refer to our response under Question 7.