

30 January 2025

Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

Submitted: via online portal

**RE: RRC0058 – National Energy Retail Rules Amendments: Changes to retail energy contracts**

### About Shell Energy and Powershop in Australia

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 one of the largest electricity providers 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 service. Our generation assets include 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, to provide back-up for rising levels of renewable energy, and the 120-megawatt Gangarri solar energy development in Queensland. Shell Energy also operates the 60MW Riverina Storage System 1 in NSW.

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

Powershop appreciates the opportunity to respond to the AEMC's consultation on enhancing protections for energy consumers through changes to retail energy contracts. While Powershop supports the goal of helping households access more affordable deals and providing greater consumer protections, it is crucial to exercise caution in an evolving market. Maintaining and enhancing existing flexibility is essential for retailers to innovate and find cost-effective solutions, ensuring that vulnerable consumers are not left behind. Powershop urges the AEMC to carefully consider the outcomes new regulatory requirements are trying to achieve to mitigate the risks of duplicating existing ones, potentially increasing costs and complexity for consumers.

### Ensuring energy plan benefits last the length of the contract

Powershop supports the recommendation to require retailer contracts to end when a benefit period ends. However, we note that the proposed amendments to the rules require retailers to provide consumers with reasonable notice ahead of the end date of the customer's benefit period and contract, and information on the options available to the customer at the end of the benefit period.<sup>3</sup> To avoid duplication and excessive information provisions to customers, Powershop encourages the AEMC to consider how this proposal would interact with the current National Energy Retail Rules notice requirements including:

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<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.

<sup>3</sup> AEMC, Delivering more protections for energy consumers: changes to retail energy contracts, Consultation Paper, 28 November 2024, pg. 8

- *Rule 48*, which requires retailers to notify a small customer with a fixed term retail contract that the contract is due to end no earlier than 40 business days and no later than 20 business days before the end of the contract.
- *Rule 48A*, which requires retailers to notify a small customer of a benefit change no earlier than 40 business days and no later than 20 business days before the benefit change date.
- *Rule 48A(4)* which requires a benefit change notice to contain information that the Australian Energy Regulator (AER) specifies in the benefit change notice guidelines.<sup>4</sup>

### Removing unreasonable conditional discounts

Powershop supports the proposal to remove the grandfathering arrangement that was included in the AEMC's final rule in 2020 to ensure that any conditional fees and discounts are limited to reasonable costs, including for contracts entered into prior to 1 July 2020.<sup>5</sup>

### Preventing price increases for a fixed period

The consultation paper is seeking feedback on the recommendation to prevent any increase to tariffs or charges payable by the customer under a market retail contract for a specified fixed period following commencement of an energy plan. Powershop does not support any restriction on the ability to be able to offer variations on products based on the market and an understanding of what customers currently prefer.

Regarding the options proposed, Powershop does not support Option 2 which would only allow price increases once a year, similar to Victoria. Caution should be given to adopting approaches taken in Victoria due to the differing structures in NECF jurisdictions, for example smart meters are currently less prevalent. We also consider this approach will dampen the ability for retailers to create innovative new products to meet an increasing demand for consumer energy resources. Nor do we support Option 3 which proposes to empower the Australian Energy Regulator (AER) to collect data from energy retailers on the number of price changes made to market retail contracts, and the level of those price changes, as part of its regular performance reporting. This introduces a compliance burden on retailers with likely no attributable benefit for customers.

Should this proposal be made we consider a more practical approach is Option 1 which proposes to prevent price increases for the first 100 days of commencement of a new energy plan. We would also support a shorter time frame of 60 days which provides retailers with more flexibility and allows retailers to adequately manage their risk pricing profile.

Any option to prevent a price increase for a fixed period should have an exemption process that must capture all charges that are not under the control of the retailer. This includes but is not limited to changed obligations related to renewable/green energy/energy efficiency policies introduced by governments; unexpected AEMO charges; force majeure and unforeseeable changes outside the normal retailer operations; and any tariff reassignments. It is crucial that any price fixing for a period does not exacerbate the mismatch between distribution network tariffs and retail tariffs.

In addition, further consideration is required on the potential for conflicting regulation requirements. For example, should tariffs be fixed for a period we would like clarification on how the AEMC would see this working alongside its Final Determination<sup>6</sup> requiring the roll-out of smart meters to customers by 2030. We consider that the timing of any tariff variation following a smart meter upgrade should be exempt from this proposal.

The Consultation Paper also is considering whether market retail contracts should have a minimum fixed period if there is a fixed price period (such that the minimum period of the contract is at least as long as the fixed price period). Powershop does not support this approach as it appears to add regulatory complexity and the pro-

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<sup>4</sup> Australian Energy Regulator [Benefit Change Notice Guidelines](#) - June 2018

<sup>5</sup> National Energy Retail Rules, Schedule 3, Part 12B

<sup>6</sup> AEMC, Accelerating Smart Meter Deployment, Rule determination, 28 November 2024

posal does not demonstrate any additional benefit for the customer. For example, would a retailer be non-compliant if it actioned a request from a customer who has received a 'best-offer' message and may break a fixed period contract.

### Removing fees and charges

The consultation paper states that '*fees and charges retailers are currently able to charge consumers under the NERR are often not transparent to consumers when they are making a decision about entering into a retail energy contract*<sup>7</sup>' and proposes to prevent retailers charging these types of fees<sup>8</sup> unless State or Territory legislation authorises them being charged. Powershop does not support this proposal.

Powershop considers that there is no market failure justifying the need to ban fees and charges. From a transparency perspective we publish a range of our pass-through fees on our website<sup>9</sup> and include them in our Energy Factsheets which are available on [EnergyMadeEasy](#). This process is backed by our agents disclosing the relevant or more bespoke charges over the phone to the customer so that they are made aware from the outset of any impending charges. It is in the retailer's best interest to provide transparency as standard good customer service and by doing so reduce unnecessary call centre costs.

The consultation paper also argues that '*retailers would have the option to recover these costs through tariffs, which would help to ensure these costs face competitive pressures*<sup>10</sup>. We disagree with this statement as we have seen in recent decisions by the AER on the Default Market Offer an increasing pressure to reduce retail and competition margins.<sup>11</sup> The cost of pass-through charges are outside a retailer's control, for example they are set by banks, distributors, and Australia Post, and are continuing to increase.<sup>12</sup> Retailers should be able to recover any reasonable costs associated with direct pass through charges, similar to other industries, such as telecommunications.

An alternative solution could be a consideration of the ACCC's approach to card surcharges<sup>13</sup> which enables businesses who incur costs for processing certain card payment types to apply a surcharge that is no more than what it costs the business to use that payment type. Powershop considers a similar solution would be viable in the energy industry, in that retailers should be able to recover costs that are fair and reasonable, and which should include merchant costs, and any costs passed on via the distributors.

Powershop thanks the AEMC for the opportunity to provide comment on this matter. If you would like to discuss any part of this submission, please contact Carmel Forbes at [carmel.forbes@shellenergy.com.au](mailto:carmel.forbes@shellenergy.com.au)

Yours sincerely

[signed]

Libby Hawker

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<sup>7</sup> AEMC, Delivering more protections for energy consumers: changes to retail energy contracts, Consultation Paper, 28 November 2024, pg. 16

<sup>8</sup> Account establishment fees, special meter read fees (move-in and move-out), credit card payment fees, late payment fees, early termination fees, over the counter fees at Australia Post, and paper bill fees.

<sup>9</sup> Powershop [electricity and gas schedule of fees](#)

<sup>10</sup> AEMC, Delivering more protections for energy consumers: changes to retail energy contracts, Consultation Paper, 28 November 2024, pg. 17

<sup>11</sup> AER, [Retail Pricing and Default Market Offer](#)

<sup>12</sup> Australian Post fees are set to increase from July 2025 and certain bank charges are increasing from 2% to 2.5%.

<sup>13</sup> Australian Competition and Consumer Commission - [ban on excessive surcharges](#)