



18 March 2021

Alex Oeser
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Mr Oeser

RE: Financeability of ISP Projects draft determination

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) draft determination on the Financeability of Integrated System Plan (ISP) Projects rule change.

About Shell Energy in Australia

Shell Energy is Australia's largest dedicated supplier of business electricity. We deliver business energy solutions and innovation across a portfolio of gas, electricity, environmental products and energy productivity for commercial and industrial customers. The second largest electricity provider to commercial and industrial businesses in Australia¹, we offer integrated solutions and market-leading² customer satisfaction, built on industry expertise and personalised relationships. We also operate 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, supporting the transition to renewables, and are currently developing the 120 megawatt Gangarri solar energy development in Queensland. Shell Energy Australia Pty Ltd and its subsidiaries trade as Shell Energy.

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General comments

Shell Energy agrees with the AEMC's draft determination not to make a rule change for either of the two rule change requests. In our submission (sent as ERM Power) on the consultation paper we strongly argued that the rule change would not meet the National Electricity Objective (NEO) - in that it would be in the long-term interests of consumers. We are pleased that the AEMC cited the fact that it does not consider that this rule change would meet the NEO in its reasons for rejecting the rule change.

We are also pleased that the AEMC has used analysis from CEPA to provide additional information from which to draw when considering the rule changes. We consider that CEPA's analysis gives a comprehensive assessment of the economics underpinning the regulatory regime and the rule change requests. We see this as a valuable addition to the AEMC's decision making process on this rule change.

¹ By load, based on Shell Energy analysis of publicly available data

² 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 2011-2020.



On the whole we consider that the AEMC has accurately assessed the increased risks that this rule change would impose on consumers were it to be made. In particular, we were concerned about the inter-generational transfer of wealth that it would have created, an issue considered by both the AEMC and CEPA in their analyses.

Finally, Shell Energy supports the AEMC's intention to conduct a broader review alongside other market bodies to consider options to support the timely and efficient delivery of large transmission projects that are in the long-term interests of consumers. We would be eager to participate in this review as the AEMC develops a program of work.

Yours sincerely

[signed]

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