



25 October 2021

Kate Symons
Commissioner and Chairperson
Essential Services Commission of Victoria
Level 8, 570 Bourke St
Melbourne VIC 3000

Dear Ms Symons

RE: Compliance and Performance Reporting Guideline – 2021 update

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Essential Service Commission of Victoria's (ESCV's) Compliance and Performance Reporting Guideline 2021 update draft decision.

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.

www.shellenergy.com.au

General Comments

Shell Energy welcomes the ESCV's removal of the requirement to submit a quarterly type 1 summary report signed by the CEO or Managing Director. The shift to an annual summary report noting all type 1 and type 2 breaches along with other breaches identified over the course of the year is a positive step which reduces the compliance burden on energy businesses, without harming consumer outcomes.

Similarly, Shell Energy considers that the reclassification of a number of type 1 breaches to type 2, as well as the removal of type 3 breaches will also help to reduce the administrative and compliance burden while maintaining strong protections for customers. Classifying time-sensitive obligations as type 1 breaches is a logical and appropriate position. The ESCV's stance makes sense given the time-critical nature of family violence and life support related breaches.

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.



We are, however, more cautious about the change to require type 2 breaches to be reported within 30 calendar days of being detected. We understand the rationale behind this change and that the changing classification of breaches may mean that the overall compliance burden may be lower. Shell Energy wants clarity as to whether this means retailers will have to provide a report - including for no breaches, a 'nil report' - every 30 calendar days, or whether no reports will be needed unless a breach occurs. Shell Energy strongly favours the latter approach. If this change does lead to a scenario where retailers are required to submit reports every 30 calendar days we do not believe that it will in fact reduce the regulatory burden as the ESCV has suggested.

Shell Energy also considers that the proposed timeframes for reporting changes are short given the scale of change in the market at present as well as challenges posed by COVID-19. There is a significant pipeline of system changes that we and other retailers must make to reflect the various regulatory changes taking place at the national and state level.

We recognise that the ESCV wishes for the reporting obligations to take effect simultaneously with the Energy Retail Code of Practice in early 2022. However, the lack of clarity on starting dates poses challenges in terms of resourcing for IT changes and adjusting to the proposed changes from a practical perspective, particularly as the full suite of changes would not take effect until 1 July 2022. Shell Energy recommends that the ESCV pursue a set starting date for all reforms rather than the two-stage approach with transitional period.

Yours sincerely

