Australian Energy Market Operator
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RE: Structure of Gas Participant Fees

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[1], Shell Energy offers integrated solutions and market-leading[2] 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 does not support the recovery of costs for the East Coast Gas System reforms wholly from producers and wholesale gas market participants. Significant costs have already been incurred by these entities to implement the reforms. Ongoing costs are being incurred as reporting requirements for the reforms continue. Given that producers and wholesale gas market participants are therefore already shouldering costs to report, levying additional fees on them effectively results in producers and wholesale gas market participants paying twice – firstly through compliance and reporting obligations and again through fees. Requiring producers and wholesale gas market participants to pay twice for these reforms is unreasonable given the minimal benefit they derive from the changes.

AEMO's proposed "option 2" is more closely aligned to Shell Energy's view of how the costs of the East Coast Gas System reforms should be recovered. Recovery on a withdrawal or consumption basis would more closely target the beneficiaries of the reforms. We note and support AEMO's consideration under this approach that

[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 2011-2021.

export facilities should be excluded from the recovery of fees so that they don't "unfairly subsidis[e] costs of the reform program without benefiting them"[3].

We also consider that additional information should not be required from shippers to facilitate the implementation of this approach. It is not clear to us that shippers are beneficiaries of the reforms and therefore the proposal to allocate fees to these participants, and require additional data for that purpose, appears unwarranted. We believe that AEMO has sufficient information available as a result of the extensive reporting by industry under the East Coast Gas System reforms to calculate an equitable fee or levy allocation on a consumption / withdrawal basis.

If you have any questions about this submission please contact Peter Wormald (Peter.Wormald@shellenergy.com.au).

Regards,

Libby Hawker
General Manager Regulatory Affairs and Compliance

[3] AEMO, Structure of Gas Participant Fees - Consultation Paper, August 2023.