



10 March 2023

Energy Policy WA
Level 1
66 St Georges Terrace
Perth WA 6000

Lodged email: energymarkets@dmirs.wa.gov.au

Dear Energy Policy WA,

RE: Electricity Industry Amendment Bill – Consultation on the proposed State Electricity Objective

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to Energy Policy WA's (EPWA's) Consultation on the proposed State Electricity Objective (the Consultation) that will be included in the Electricity Industry Amendment Bill (the Amendment Bill), released on 24 February 2023. We understand the SEO consultation forms part of the Energy and Governance Legislation Reform Project (Project Eagle).

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 Australia¹, Shell Energy offers integrated solutions and market-leading² 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 has recently acquired a 50% share of Kondinin Energy Pty Ltd (Kondinin) which will be our first West Australian renewables development. The centrepiece of the Kondinin project is the Kondinin Wind Farm, a wind development which would generate approximately 230MWs, across two stages, into the SWIS. Kondinin also holds approvals to develop a 80MWs solar farm and ~60MWs BESS which comprise stages three and four of the Kondinin project.

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

We understand that EPWA has reviewed the legislative and governance arrangements for the energy sector in WA with the intention to create a regulatory environment that is agile and responsive to the challenges and opportunities arising through the energy transition. Shell Energy agrees that the introduction of a SEO should resolve the current problem of having separate, but overlapping and inconsistent objectives across multiple legal instruments that govern the electricity industry in WA, as outlined in the Consultation. In order to address the

¹By 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.

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limitations of the current legislative and governance arrangements the SEO will need to be fit for purpose and align well with the energy transition in the WEM.

Shell Energy understands that feedback from this consultation will form part of the next phase of legislative amendments being progressed through the Energy and Governance Legislation Reform Project (Project Eagle).

Feedback on the Consultation has been provided below.

Inclusion of Security of Supply in the SEO

Clause 1 of the draft SEO states:

- (1) *The objective of this Act is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to –*
- a. *the quality, safety and reliability of supply of electricity; and*
 - b. *the price of electricity; and*
 - c. *the environment, including reducing greenhouse gas emissions.*

Shell Energy believes it is crucial for the SEO to include security of supply of electricity and proposes amending clause 1(a) to read:

- “(1) The objective of this Act is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to –*
- a. *the quality, safety, security and reliability of supply of electricity; and”*

We refer to the discussion that occurred during the Transformation Design and Operation Working Group (TDOWG) meeting held on 28 February 2023, whereby multiple stakeholders raised concerns with the exclusion of security of supply in the SEO however, EPWA suggested security is implied with the inclusion of “reliability” in the SEO. Shell Energy disagrees that this is implied and requests that clause 1(a) is amended to include “security of supply” as expressed above, given that security is critical to the long-term interests of consumers, heavily regulated under the Whole Electricity Market (WEM) rules and it is specifically outlined in the National Energy Objectives (NEO).

Environment Objective

Clause 1(c) of the draft SEO states:

- 1) *The objective of this Act is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to –*
- (c) *the environment, including reducing greenhouse gas emissions.*

Shell Energy note that WA already has a robust and independent environmental approval process that is administered by the Environmental Protection Authority (EPA) and question the need to include the environmental objective in the SEO given there is already an established approval process that generators are subject to in WA.

Conclusion

We appreciate the opportunity to review the draft SEO and look forward to providing feedback in the next phase of Project Eagle. We note that there have been multiple consultations running concurrently and as such, it is difficult for stakeholders to provide the most effective feedback on changes to legislation and policy that could have material impacts to a participant. We would encourage that sufficient time is given to stakeholders going forward.

We welcome the opportunity to discuss our submission further. Please contact Tessa Liddelow at tessa.liddelow@shellenergy.com.au for any queries regarding this submission.

Yours sincerely

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