



28 March 2024

IPART  
Level 16  
2-24 Rawson Place  
Sydney NSW 2000

## **RE: Changing audit conditions and increasing certificate creation limits**

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART) Consultation for Changing audit conditions and increasing certificate creation limits.

### **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<sup>1</sup>, Shell Energy offers integrated solutions and market-leading<sup>2</sup> 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](#).

### **Response to consultation questions**

Shell Energy wishes to provide the following responses to the questions set out in the consultation paper.

*Would the introduction of an application form for amendments pose any issues or challenges for your business? Please provide details or examples where possible.*

This is a welcome change as it will ensure that the Accredited Certificate Providers (ACP) have clear guidelines on the information they need to provide, thereby minimizing the time and effort spent on multiple RFIs.

*Do these proposed information requirements pose any issues or challenges for your business? Is there other information you could provide us to support your application? Please provide details or examples where possible.*

This change in procedure will enhance transparency in IPART decisions by clearly stipulating the criteria considered. Shell Energy does not see any issue with this proposed change.

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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.



*Does the proposal to automatically progress from pre-registration to periodic audit conditions (providing the first audit is satisfactory and there are no compliance issues) raise any issues or challenges for your business? Please provide details or examples where possible.*

While we appreciate the introduction of the automatic process, we think it is essential to offer the option to opt out (or opt in) for automatic increases so businesses can plan better. A notification of the possible increase in future (similar to upcoming audit notifications) could be an option so business can mitigate the risks in advance or address their preference accordingly.

*Are you likely to need to apply for limits higher than 200,000 ESCs or 2,000,000 PRCs? Do you see any challenges or issues with the proposed approach to setting audit conditions for these higher limits? Please provide details or examples where possible.*

At this stage, it appears unlikely that a need would arise to apply for a higher limit. However, we cannot discount the possibility of needing one in the future.

### *Feedback on Compliance risk profile*

When constructing the ACP's compliance risk profile, we think it is imperative to include the ESC calculation methods. When mapping the risk against market size, Project Impact Assessment with Measurement and Verification (PIAM&V) and Metered Baseline Methods (MBM) should be prioritized as low-risk alternatives and advocated accordingly compared to deemed methodologies like Lighting, Home Energy Efficiency Retrofits (HEER), Installation of High Efficiency Appliances for Business (IHEAB) etc. The following reasons establish why Shell Energy considers the PIAM&V and MBM methods should be considered low risk:

- Both PIAM&V and MBM methods involve accurate measurement and verification using large amounts of data (often 2 or more years including baseline and measurement periods), thereby mitigating the risk of compliance errors and inaccuracies. The methods' reliance on empirical data enhances transparency and accountability, making them low risk energy assessment methods.
- PIAM&V and MBM methods are typically deployed in commercial and industrial sites, which often involve large-scale operations. In contrast, deemed methodologies such as HEER are more commonly applied to residential sites, which tend to be smaller in scale. This distinction makes the former methods less susceptible to compliance concerns.
- The operational reliability of End User Equipment (EUE) installed under PIAM&V and MBM methods surpasses that of deemed methods due to the time of EUE operation between the implementation date and registration/site audit dates thus making these type of claims more robust and less risky.

In addition, the quantity of certificates successfully created during ESS scheme should also be considered when creating the ACP risk profile. Greater volumes of certificates created by an ACP can demonstrate their experience in understanding the scheme requirements thus leading to a lower risk profile.

For more detail on this submission, please contact [REDACTED]

Yours sincerely

[signed]

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