



5 August 2022

Michelle Coco Executive Director Regulation and Compliance IPART Level 16, 2-24 Rawson Place Sydney NSW 2000

Dear Ms Coco,

Re: Draft PDRS Method Guide Consultation

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART) draft Peak Demand Reduction Scheme (PDRS) Method Guide.

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 more than 185,000 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 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

Thank you for the opportunity to provide feedback on the draft PDRS Method Guide. This response is structured around the four stakeholder questions posed in the consultation guide.

- 1. Do you have any comments on the format of the Method Guide?
- Numerical footnotes (including those in Roman numerals) in the body text all seem to link to p.20 of the document instead of p.59. Numerical footnotes 5 7 seem to be redundant given the text is hyperlinked. Alphabetical footnotes are understandable

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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- 2. Do you have any comments on the content of the Method Guide?
- "The concept of a RPA is like the concept of a Recognised Energy Savings Activity (RESA) under the Energy Savings Scheme (ESS) and the activities in the RDUE Method correspond to seven activities already in the ESS (see Table 3.1)." (p.11)
 - Given that the ESS and the PDRS exist in different Rules, it makes sense to decouple the two in this Method Guide despite their similarities. By saying that the "concept" of a RPA is similar to a RESA at the early stage of this document assumes that the reader is familiar with the ESS and does not provide any clarity if they are not. Shell Energy suggests that this is either removed or expanded to describe what RPAs are without the analogy to a RESA.
- "permanently reduces production or service levels" (p.11)
 - Whilst this phrase also appears in the Rules, it is worthwhile clarifying whether the word "production" refers to "production capacity" or "production output". In the example of a factory reducing its furnace use during the peak periods, the total capacity of the plant is not permanently reduced but the output in that period has been permanently removed. Shell Energy interprets a permanent reduction to production to mean a site's production capacity and not the raw units produced at any given time, and this is the general intent of this clause.
- Figure 1.2 (p.13)
 - We recommend changing the word "discount" to "financial return" or similar. The word "discount" implies a specific financial model which might not fit within the business model of an ACP.
- Example box (p.15)
 - We suggest the example include a "x 10" certificate conversion factor in the worked calculation to be consistent with how the calculations are shown in the Rule, i.e. 0.2kW x 6 hours x 10 (conversion factor).
 - We also suggest including a description of the network loss factor in the paragraph immediately before the example and use that in the example calculation to be consistent with the Rule
- PRCs can also be surrendered voluntarily (for reasons such as carbon offsetting)" (p.15).
 - PRCs do not have any correlation to carbon offsets and is not considered a carbon offsetting mechanism. We suggest that this reason be deleted.
- Table B.2 (p.53) Step 4
 - Peak Adjustment Factor of 0.33 does not exist in Table A4 of the Draft PDRS Rule released. This is potentially an issue with the Rule.
- 3. Do you have any comments on the approach we have undertaken in the Method Guide to the record keeping requirements?
- "you must keep appropriate records of each RPA for at least 6 years" (p.24)
 - The method guide should clarify whether the documentation period measures from the start of the relevant compliance period of the generated PRC or the Implementation Date. e.g., for a PRC that is forward created in 2023 for Vintage 2030, will documentation required to be retained until 2036?
- Table 6.3 (p.36)
 - Disposal receipts should only be relevant for sensitive items such as refrigerants.





We propose that this table include as an example, a declaration from Installer that the removed EUEs are disposed of and not reused (if no refrigerant is involved). This is in line with what is accepted in the ESS.

4. Do you have any other feedback?

None at present.

Yours sincerely

[signed]

Michael Wiener GM Energy Solutions