



Semi-scheduled generator rule changes

AER – Proposal update

SHELL ENERGY AUSTRALIA RESPONSE

September 2020

Shell has been active in Australia since 1901 and Australia continues to be a priority market for investment as Shell aims to become a global leader in cleaner power generation and innovative energy solutions for customers.

In 2017, Shell Energy Australia (SEAu) was established as Shell's trading arm to bring increased diversity of supply and integrated energy solutions to the Australian market. In 2019, SEAu acquired ERM Power, a leading commercial and industrial electricity retailer, as a wholly-owned subsidiary. We have also acquired 100% of sonnen- a leader in smart energy storage systems and innovative household solutions and a 49% stake in ESCO, a utility scale solar developer. Further, we are building our first commercial-scale solar project in Queensland. Gangarri is a 120MW solar energy project which will generate enough electricity to power around 50,000 homes. These acquisitions unlock opportunities for SEAu to support Australia's energy markets and customers to deliver the future energy system.

SEAu welcomes the opportunity to provide comment to the Australian Energy Regulator's (AER) update on the revised preferred approach to the proposed rule change(s) for semi-scheduled generators to support system security in the NEM.

GENERAL COMMENT

SEAu supports AER's revised preferred option. The amended approach will ensure semi-scheduled generators honour their bids subject to input energy constraints. We consider that this approach will have minimal impact when compared with other options canvassed in the Issues Paper. For example, removing the semi-scheduled category altogether would be extremely complex to implement and would have broader market consequences.

As stated in our submission to the Issues Paper, SEAu considers that semi-scheduled generators should meet their bids in good faith as per Clause 3.8.22A of the NER, subject to resource availability and as long as following a dispatch instruction is not a hazard to public safety or materially risks damaging plant equipment. We believe this was the clear intent of the 2008 rule change which required semi-scheduled generators to submit rebids when moving capacity between price bands.¹

We thank the AER for a well-considered engagement process and would be happy to have follow-up discussions to elaborate on our submission.

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¹ Page 40 AEMC Final Determination – Central Dispatch and Integration of Wind and other Intermittent Generation May 2008