22 July 2024

Essential Services Commission
Level 8, 570 Bourke Street, Melbourne
VIC 3000

Submitted electronically via energyreform@esc.vic.gov.au

RE: Energy Retail Code of Practice Review – Issues Paper

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 also operates the 60MW Riverina Storage System 1 in NSW.

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 welcomes the opportunity to provide feedback to the Essential Services Commission (ESC) Issues Paper on the review of the Energy Retail Code of Practice (ERCOP).

The bulk of our submission is contained in the sections below, however we have two points which are relevant to the ERCOP Review as a whole.

Firstly, we consider that multi-site business customers should be excluded from these provisions as there is a significant difference between multi-site business customers and a standard single-site residential or business mass-market customer. For instance, multi-site businesses are usually large and sophisticated customers or corporations who have a minimum of ten sites, which commonly sit across different states or jurisdictions; meaning that they are generally subject to a range of jurisdictional obligations across the National Electricity Market, Wholesale Electricity Market, and Victoria.

The current review, as well as regulatory reform at large, is generally aimed towards providing greater protections for mass-market customers. However, multi-site business customers are not mass-market customers; they have

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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.

Shell Energy Operations Pty Ltd, Level 30, 275 George Street, Brisbane Qld 4000. GPO Box 7152, Brisbane Qld 4001.
ABN 28 122 259 223 Phone +61 7 3020 5100 Fax +61 7 3220 6110 shellenergy.com.au

sophisticated energy procurement processes often via tender processes that require a streamlined approach, consolidated invoicing and bespoke account management. Unlike in other states, our Victorian multisite customers are restricted from aggregating sites to form a large customer as a provision equivalent to Rule 5 of the National Energy Retail Rules and must instead be treated as individual small sites. Seeking to apply ERCOP protections to customer groupings beyond the intended beneficiaries is misdirected, and places unnecessary regulatory red tape for these customers. This has the unintended effect of increasing multi-site customer frustration and Retailer costs.

Shell Energy's main customer base is large business consumers which generally comprises a range of multi-site businesses including a mix of business sites, both large and small under a single contract structure. We consider that the ESC must allow bespoke arrangements for these customers as the usual convention for a residential or single-site small and medium enterprises (SME's) is vastly different to how we provide for a multi-site business customer.

For these reasons, Shell Energy recommends excluding multi-site business customers from the ERCOP Review as a whole. It is our view that this exclusion can be accommodated in the definitions, and we are happy to share suggested drafting with the ESC.

Second, we note that the proposed implementation timeframe for the ERCOP Review would be six-months. Shell Energy considers that this is unfeasible, especially where system or operational changes are needed to comply with any new regulations. The ESC must also take into consideration the timeframes associated with other regulatory and compliance changes which can impact a Retailer's project delivery and therefore implementation of competing regulatory priorities. We recommend that this timeframe be pushed out to at least a year so that Retailers are in the best position to provide for customers under any new regulations.

For further information regarding this submission, please contact Shelby Macfarlane-Hill at [redacted]

Yours sincerely

Libby Hawker
General Manager – Regulatory Affairs and Compliance

Shell Energy Response to Consultation Paper

Strengthening family violence protections

Questions 1 – 3

Shell Energy considers that the key difference between the ERCOP family violence provisions and those which the AEMC have released under the National Electricity Retail Rules (NERR) are in the training requirements and practical implementation of the provisions. The NERR has greater emphasis on the outcome of the training provided to Retailer staff, and Shell Energy would support this being carried across to the ERCOP.

For instance, Rule 76B of the NERR is directive in describing the ability of Retailer staff to assist affected customers. It includes understanding the nature and consequences of family violence, being able to identify and appropriately engage with affected customers, and ensuring staff have the ability to assist in implementing family violence policies.

Shell Energy acknowledges that this topic is a sensitive one which requires a balance between practical and emotional support. While it is part of an energy Retailer's role to assist those customers who have been affected by family violence, we would recommend that the ESC does not put requirements around this topic which will make conversations with these customers too prescriptive. This may result in customers not feeling safe or supported to speak about their circumstances, or retail agents feeling as though they cannot be flexible or adaptable in responding to a distressed customer over the phone. We also note that while our agents are experts within the field of energy, Retailers also have a duty to their front-line staff to not place them in situations where they are expected to provide support or services that they are not qualified for. The support we can offer an affected customer can only go so far before a professional such as a counsellor or specific support service is required.

For those reasons above, in principle Shell Energy supports partial alignment with the family violence protections in the Water Industry Standards (Water Standards) where the regulated requirements are less prescriptive and appear to be focused on customer outcomes. This should allow Retailers to be adaptable in their engagement with affected customers, and flexible in supporting their needs. In particular, we support that training in the Water Standards is in relation to all relevant staff as opposed to specifying staff and their managers, and practices to support customer safety is prioritised, such as providing a process that ensures continuity of service including the approach to debt management and recovery.

Payment Difficulty Framework – training requirements

Question 4

Shell Energy considers that in the context of the electricity system, Retailers are best placed to provide support and relief to customers experiencing payment difficulty where, provided all the appropriate support, they are in a position to repay their energy debts. Appropriately applied, all elements of the payment difficulties framework, including tailored assistance, can greatly benefit these consumers. Retailers have a myriad of tools and resources available to assist customers who are facing medium to short-term financial difficulties, and the support that is available to these consumers works because there is effectively an end in sight.

However, we note that there is a segment of customers that are not, and potentially will never be, in a position to afford their ongoing energy bills or repay their debt as a result of long-term payment difficulties, for example due to disability, family violence, serious illness, or unemployment. Support for this customer cohort requires more robust

societal and government support. In these circumstances, it would be inappropriate and unfair to put these customers in a position which would only exacerbate their debt.

In principle, we support those aspects of the ERCOP which focus on allowing customers who have payment difficulties which can be resolved through ongoing engagement as this is an enabler for success for both the Retailer and consumer. Those aspects which look to exacerbate long-term payment difficulties and consumer debt could benefit from review. We acknowledge that the ESC has done this in part by seeking feedback on the six-month debt freeze. Further to our comments on the relevant section below, we consider that a review of the six-month debt freeze should also take into consideration what a Retailer's role realistically looks like when addressing the long-term payment difficulties described above given a Retailers limited ability to change a customer's circumstances.

Question 5

Shell Energy believe training obligations in relation to payment difficulties should be outcomes based, rather than setting prescriptive obligations on what is required of our staff. Similar to our recommendations for Questions 1 – 3 above, we consider that the ESC must emphasise the outcomes of the training as a priority.

Question 6

Shell Energy notes training staff in vulnerability and hardship is part of normal practice. We do consider that different levels of staff would require different levels of training. For instance, the training a frontline agent receives would be highly robust and detailed, and we anticipate that this would differ from that which a manager or general manager would receive.

We note that energy Retailers are a service provider, and our frontline agents are professionals within the field of energy retail and assisting customers with diverse needs relating to these services. We acknowledge that sensitive issues arise when customers engage with our calling agents and would also like to note that though our staff are trained to address some elements of vulnerability, hardship, family violence matters, there is only so much support that can be provided within the remit of our services.

To reiterate Shell Energy's earlier recommendation, we would seek that the ESC is not overly prescriptive of any obligations in this space which may limit our agent's ability to be flexible and adaptive in responding to customers over the phone. We would also support requirements which focus on the outcomes of training and enable greater empowerment of our agents so they can better support customers facing difficult circumstances.

Obligation to place debt on hold for six months

Questions 7 and 8

Shell Energy agrees with the summary in the Issues Paper that a debt hold may provide temporary relief for some customers. However, we consider that this may be in very limited circumstances and overwhelmingly will lead to further issues in the long term where customers continue to be unable to pay outside of the hold. This therefore may become a risky practice where customers become entrenched in debt over the long term.

We are aware of some situations where a debt hold has helped a customer return to normalcy, however this is completely dependent on the individual circumstances, and is not standard when applying the six-month arrears hold. Generally, a customer would need to accurately predict their financial circumstances beyond the debt hold period for this to be viable. In some circumstances, a debt hold does not end up benefitting the customer but rather sets them back even further, particularly where the issues which have resulted in a debt hold being applied have not been resolved. Given the inconsistency around the impact, we do not believe that a provision of a debt hold should be mandated.

Shell Energy considers that having this tool available, but not mandated, may still be beneficial in assisting those customers who have the capacity to change their circumstances. Where a customer is identified as unable to keep up with their payments under the debt hold, this is where a whole of system support could be triggered to assist. For instance, Retailers can follow current processes to establish a payment arrangement, set up the customer on government grants or concessions, and direct them towards energy efficiency advice. Then further support from the likes of either jurisdictional or federal government, or support from networks, may be able to further assist a customer financially.

Similar to our points raised throughout this submission, Shell Energy queries the need for further regulation in this space where it is in the Retailer's best interest to manage it. Rather, we would support a reduction in such an obligation where there are no clear or consistent customer benefits.

Accessibility of Utility Relief Grants (URGs) information

Questions 9 and 10

It is in a Retailer's best interest to apply customer concessions when they are eligible. The extent to which the ESC is involved in URGs largely relates to compliance obligations, which does not enable Retailers or customers overcoming barriers associated with the grants or other concession schemes.

We acknowledge that there may be a level of risk with URGs wherein advice is inconsistent from retailer to retailer. We consider that this could appropriately be provided for with support from Department of Families, Fairness and Housing on how to communicate key information about practical assistance, and specific advice as it relates to URGs. The current rules within the ERCOP are sufficient, and any perceived non-compliance with those rules should be managed through existing processes.

Shell Energy would support any relief which the ESC can grant in making concessions easier to understand for both Retailers and customers and streamlining the process to sign them up.

Assistance and information on energy efficiency

Questions 11 and 12

Energy efficiency uptake largely comes down to customer financial circumstances, choice, preferences and may have different impacts on a customer's consumption according to the customer's individual circumstances. It is therefore impracticable and may have unintended consequences to introduce prescriptive obligations on specific energy efficiency advice. Further, inefficient consumption may be driven by issues outside the control of Retailers and customers, such as poorly insulated public or rental housing. Our preference is that Retailers provide general advice and information to customers around energy efficiency. Shell Energy would be supportive of referring customers to government or regulator websites where resources are available to encourage customers in being more energy efficient in their usage. Ofgem provides a good example of this where their website has details of different actions consumers can take in reducing their energy bills and understanding the energy performance of their homes[3]. Shell Energy supports the ESC providing similar website information as Ofgem which could be a single repository for consumers to rely on in making decisions around energy efficiency. Alternatively, this information could easily be provided on the Victorian Energy Compare (VEC) website which already empowers consumers in their decision making.

We also consider that the Victorian Energy Upgrades (VEU) website has practical assistance to consumers in practically reducing bills through greater energy efficiency. While Retailers have access to some information on

[3] See: https://www.ofgem.gov.uk/actions-saving-energy

consumption, the VEU website and associated services can take this a step further by conducting home visits to assess where energy efficiency gains can be made, and further information on what other support is available to consumers on this front. For these reasons, Shell Energy would also support directing consumers to the VEU scheme where appropriate.

Supporting customers who want to disconnect from gas

Questions 13 and 14

In relation to the provision of information on disconnection and abolishment, Shell Energy notes that we already provide translation services when requested by a customer. We also endeavour to provide information which is clear, simple, and concise, as it is to our benefit for a customer to understand the works that would be carried out.

It would be beneficial if the ESC gave further clarification on how they propose to define gas abolishment so that Retailers have more detail to pass through to the customer.

Questions 15 and 16

It is not clear what benefit would be gained from regulating these timeframes where Retailers do not have direct line of site to the works being undertaken or completed.

Although the Retailer is in contact with both the customer and the gas distributor in abolishment and disconnections, we are not privy to each step a gas distributor takes when performing this task. At large, we are at the discretion of the gas distributor for when a timeframe for the works is created, i.e. when works will likely start or finish, or when the disconnection or abolishment is completed. Most commonly, we are not notified of these works being completed until the service order has been processed and finalised several days after the event.

Our current practice for residential customers is to allow for a 20-business day timeframe, as this aligns with the messaging received from the gas distributors.

We also note that for large and multi-site consumers, the timeframes and costs are specific to each circumstance and negotiated between the customer and the gas distributor. These arrangements require a bespoke approach which will not be the same as a small residential customer. Shell Energy recommends that any new provisions around gas abolishment are targeted towards small consumers so that Retailers are not limited in their ability to provide for large and multi-site consumers.

Bill information requirements

Questions 17, 18, and 19

In the first instance, Shell Energy maintains its original position stated in the General Comments section of this paper that multi-site customers should be excluded. This is particularly relevant for this section as aligning with the AER's Better Bills Guideline (Better Bills) for multi-site customers would not provide positive outcomes for either customer or Retailer. Multi-site customers who seek consolidated billing and have not aggregated under Rule 5 of the NERR have had several issues under Better Bills which should not be repeated in Victoria, such as the inability for Retailers to differentiate between the rates and charges section that relates to specific sites, as there is no provision for this under the Tier 2 information requirements within Better Bills.

From a small consumer perspective, Shell Energy queries the need for regulatory alignment with Better Bills as for those Retailers who operate further afield than Victoria, this would likely already be happening. Better Bills specifies the structure of the bill so that customers have access to the most critical information up front which Shell Energy supports. We do not consider it necessary for the ESC to regulate these requirements where they are already happening organically.

There is an inherent risk in total alignment, in that the AER could change their guidelines in the next few years which would again disrupt the billing systems. This means that either regulator would constantly be chasing the other in ensuring consistency of these provisions. The ESC will need to consider whether they seek alignment on an ongoing basis or only in it's current state.

In relation to the inclusion of details for the Energy and Water Ombudsman Victoria, we consider that if the ESC aligns with Better Bills, this would be included under Tier 1 information in any case.

Further, we do not support the need for prescribed requirements in bill communications as touched on in Question 19. These are unnecessary and will add further unjustified costs.

Clarifying best offer obligations

Questions 20, 21, 22

Shell Energy queries the need for regulatory intervention under the potential changes highlighted in clarifying best offer obligations. The ESC has previously contemplated this in 2018 and, as noted in the final decision[4], balanced the feedback received from both retailers and consumer advocates and decided to rely upon the incentives for Retailers to deliver positive consumer outcomes. We consider that best offer is a trigger for a customer to call their retailer, and clear advice should take over once the conversation is underway to ensure they are presented with suitable offers; whether that is the offer that appeared on the best offer message or not. This current practice approach is essentially mirrored in the aforementioned final decision where "in instances where the named plan is no longer available, we would expect the retailer to offer the customer a plan that delivers features that are as close as possible to those that the customer would have been provided under the named plan in the best offer message".[5]

We consider that there is no evidence to suggest that the current approach is not working, and we recommend the ESC remain aligned with the 2018 decision.

Further, it would not make sense, nor would we be meeting our compliance obligations if Retailers were required to keep offers open. This could cause several complications where an offer has been made prior to a price increase or under a separate default offer. It is also not clear where the line would be drawn between a best offer and standard pricing where the offer must remain open to be accepted. The ESC already regulates pricing, and we consider that further regulation in this space would cause unnecessary complexities and hinder competition in Victoria.

The same query stands in relation to the best offer terms and conditions, as well as Question 21 specifically, as Shell Energy considers that this is already a high regulated and very refined process. It is in the Retailer's best interests to make this process as easy as possible for customer retention. It is not clear what issue the ESC is solving for here or whether there is a market failing to be addressed. Further, the regulations around best offer calculations are mirrored in the NERR, so it would create further complications to alter one set of regulations and not the other.

In relation to the definition of restricted plans, Shell Energy does support clearer terminology here. There is currently variety in whether Retailers are more or less conservative in their application of this definition, and we consider that further guidance would be beneficial in facilitating fairness in competition in the Victorian market.

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[4] *Building trust through new customer entitlements in the retail energy market – Final decision* Essential Services Commission [30 October 2018]. See: building-trust-through-new-customer-entitlements-in-the-retail-energy-market-retail-markets-review-final-decision-20181030 (1).pdf

[5] As above, at page 68.

Accuracy of information on Victorian Energy Compare Website

Question 23

Shell Energy supports a review of the definitions for the Victorian Energy Compare (VEC) website as clarity will provide greater consistency applied by Retailers across retail offers. The Victorian Retailer User Manual (the Manual) is most commonly used to determine the specific information required to be inputted into the VEC Portal, such as which fields need to be populated with what level of detail, timeframes for how long it must remain there, or if there are any character limitations for certain fields. The regulations or Energy Fact Sheet Guidelines (Guidelines) can be used to determine some of the non-technical aspects of the VEC, such as what to do if a customer calls with an offer or how to provide fact sheets to customers.

If the ESC were looking to further refine the accuracy of the information Retailers are providing on VEC, as well as how the definitions are interpreted, Shell Energy suggests that updating the Manual could be a way to do this whilst minimising regulatory intervention. Though note that if changes were made to the Guidelines, these would likely also need to be reflected in the Manual.

Further, we also consider that there should be clarity and alignment around standardising usage profiles for the purposes of comparison so there is consistency in retail offerings. If Retailers are not aligned, there may be potential for offers to be misrepresented and for customers to perceive an offer as cheaper when in reality it is more expensive for them.

Question 24

There is currently provision within the Manual under Section 7 for expiring offers. Under this provision, when Retailers create an offer it is possible to state an end date on the upload, which works for offers which are only running for a certain period of time. However, most of our market offers are open ended until we know when a new offer will replace it which makes it difficult to predict when the offer will come to an end.

Shell Energy recommends that it would be beneficial to have the ability to forward date the expiration of offers. This is how it works on the AER's Energy Made Easy, and it ensures a timely expiration of offers no longer available.

Bill frequency obligations

Questions 25 and 26

In principle, Shell Energy is open to considering in what way the ESC might look to align bill frequency and best offer obligations. For instance, the AER currently has a 100-day compliance window which we are supportive of.

Further, we recommend that a contingency needs to be built into any obligations around alignment here. For instance, the circumstance in which a bill may be delayed, through no fault of the Retailer, for more than three-months will mean that the Retailer is not able to meet the best offer compliance window which is three-months for electricity and four-months for gas.

Clarifying unclear definitions: Standard offers

Questions 27 and 28

In principle, Shell Energy supports clarifying the standard offer definition. However, we do not support prohibiting terms.

Clarifying unclear definitions: Pay-by date

Questions 29, 30, and 31

Shell Energy supports greater clarity in definitions, particularly for the pay-by-date, and the alignment this should bring in all Retailers working to the same timeframes and limiting customer confusion. We do however caution the ESC must not define this period in term of a timeframes as we note that Market Retail Contracts allow Retailers and customers to negotiate on pay-by dates and this must be preserved. Importantly, Market Retail Contract payment dates are a factor in price setting and the corresponding thresholds for these contract types are established in billing systems.

It is common for the pay-by-date to be the last day of which bill can be paid before the debt ages from current to overdue. Whilst we do not see issue or confusion, if the ESC were to introduce a definition it should not depart from the current ability to negotiate on payment dates in the Market Retail Contract and should not form a departure with the NERR otherwise it introduces complexity and costs.

Clarifying unclear definitions: Arrange a disconnection

Question 32

Shell Energy supports greater clarity for this definition as the term is currently ambiguous and carries a large degree of compliance risk when carrying out actions to arrange a disconnection. There is currently no start or stop time associated with this definition, therefore even if Retailers start this process but halt the works before a disconnection can take place or even sending through a service order in market systems, Retailers could still be at risk of carrying a contravention. We recommend that the contravention should be linked to the suspension of supply, wherein the disconnection has occurred, and not the act of arranging.

Question 33

There is a natural incentive for Retailers to have customers engage in order to avoid a disconnection. Including further options within the ERCOP to codify this will make the rules more complex to adhere to operationally as the Retailer is already doing what they can to not disconnect.

Disclosure of additional retail charges in contract terms and conditions

Questions 34, 35, and 36

Shell Energy is concerned that a market retail contract or exempt person arrangement is not the right place to specify additional retail charges. Particularly as this relates to greater transparency around these charges.

Rather, Shell Energy queries what issue the ESC is trying to address and whether regulation is an overstep where there is no clear problem to be solved for. We consider that there is no market failure pertaining to the disclosure of additional charges and it would also be unfeasible for Retailers to provide an exhaustive list within the terms and conditions of a contract where it is not clear which charges will apply at which time.

Retailers currently carry out due diligence where fees are imposed on customers. Currently, Powershop does this by publishing a range of pass-through fees on our website for customers to access when required. This process is backed up by our agents disclosing the relevant or more bespoke charges over the phone to the customer so that they are made aware from the outset of any impending charges. It is in the Retailer's best interest to do this so that they are not setting themselves up for unnecessary call centre costs.

The policy intent of the current requirements is set out so that Retailers are able to pass through costs and not be put at an unreasonable disadvantage. The current ERCOP refers to the charges being fair and reasonable in regard to the costs incurred by the Retailers, and we consider that this is sufficient.

Further, it may be inappropriate for Retailers to publish some costs which are not within our control. This is particularly relevant for distribution costs, in which it would be both unreasonable and inappropriate for Retailers to be held responsible for maintaining these on their websites.

Question 37

Shell Energy supports flexibility in Retailer charges for gas abolishment as the cost of this is generally a straight pass through from the gas providers. Retailers are not aware of the full scope of costs until the final service order is produced, so we would be hesitant to support any regulation around such matters where Retailers do not have control.

Requirement to publish changes of tariffs and charges in newspapers

Question 38

Shell Energy supports removing the current obligation to publish variations to tariffs and charges of standard retail contracts in a newspaper. Regulators and Governments have also moved away from this practice as it is no longer recognised as an effective way to notify consumers. This has been reflected in the National Energy Laws whereby amendments include removing requirements for the electricity market bodies and the National Competition Council to publish notices in newspapers[6]. It was considered that this would reduce regulatory costs and recognises changes in stakeholder preference in how they access information. Minimum notice requirements still apply.

Protections for embedded network customers

Question 39

Shell Energy is concerned that the increased protections for embedded networks that this question is referring to relates to pricing. Shell Energy has previously raised concerns on this matter with the Draft ERCOP decision in 2022, wherein a new clause was introduced which would effectively cap a licensed Retailers embedded network on-supply customers market offers to be no more than the VDO.

Shell Energy does not support market offer pricing caps for on-market customers. It is not clear if this is implying that 'on market' customers are disadvantaged by being supplied by a competitive Retailer (albeit with choice of access to either the VDO, or market offers). Small 'on market' customers supplied by licensed Retailers already have price protections with access to the VDO on request, and already have customer protections similar to other small customers who are outside of an embedded network. Capping 'on market' customers' market offers will result in less product choice (including GreenPower options), disrupting the competitive market and as a market contract offer price cap, is a major departure to policy.

Further to our previous point, we also consider that multi-site customers should be excluded from these provisions as there is a significant difference between multi-site customers who fit into an embedded network and a standard embedded network customer.

Question 40

While supportive of all customers having access to family violence protections, Shell Energy is uncertain whether embedded network provisions would be able to provide the protections necessary for this matter. This is because Retailers do not have a relationship with the end-use customer of an embedded network for privacy reasons, therefore our reach through an embedded network would not extend to a customer who is experiencing these circumstances. Rather, our relationship ends at the ENO in this regard.

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[6] The Statutes Amendment (National Energy Laws) (Omnibus) Bill 2020 amends the National Electricity (South Australia) Act 1996, National Gas (South Australia) Act 2008, National Energy Retail Law (South Australia) Act 2011 and the Australian Energy Market Commission Establishment Act 2004.

Shell Energy supports greater protections for those customers experiencing family violence, and we are open to engaging with the ESC in establishing the parameters within which Retailers could influence support and protections for these customers.

Question 41

Further to our previous point, Shell Energy does not have a relationship with the end-use customer of an embedded network. Therefore, the cost would sit with the exempt seller rather than the Retailer. However, we acknowledge that the end-user could benefit from alignment on bill change alerts.

Question 42

Shell Energy supports updating the Schedule 5 and 6 of the ERCOP to align with the General Exemption Order where these changes are purely administrative and do not pose further restrictions or materially affect current activities.

Use of preferred communication method

Questions 43 and 44

Retailers use their best endeavours to communicate with customers using their preferred method of contact. However, there will always be a level of flexibility required in communication in order to ensure the customer is appropriately provided with the correct level of information.

For instance, if a customer has specified that SMS is their preferred method of communication, we are limited in our ability to comply with the ERCOP billing guidelines if we were required to send a monthly electricity bill through this medium. Also, if we needed to make a customer aware of a price change notice, this would be highly complex to advise the customer over any medium smaller than an email, and they may be at risk of not being able to review the information provided if this were delivered over the phone. There is also the inherent risk where if a customer refuses to engage with the Retailer through their preferred medium, that we would be in breach of our obligations. Anyone of these scenarios could result in poor outcomes for both the Retailer and the customer.

Shell Energy recognises that there is already a level of practicality and flexibility in communicating with customers and with Retailers being able to meet their obligations in this regard. It is not clear what benefit would be gained from further regulation in this area.

Receipt of communications and notices

Question 45

Where the Issues Paper considers amending the clause on 'presumed receipt', in relation to postal services, extending the requirement to four business days would cause a significant shift in in Retailer systems and operations. We consider that the costs of implementing this change would not align to any positive benefits for the consumer and would only serve to condense Retailer timeframes without any relief on the amount of work that goes into providing customers with the information they need. This creates unreasonable pressure and a high risk of non-compliance throughout the application of the entire ERCOP whilst driving up the cost of implementation which consumers would ultimately foot the bill for.

While Shell Energy agrees that regulating receipt timeframes may be beneficial in avoiding uncertainty for when a notice is received, we recommend that the ESC does not align with the Electricity Distribution Code of Practice where this industry does not interact with consumers in the same manner with which Retailers are obligated to. For those reasons above, it would be unfeasible to change Retailers timeframes. There also needs to be adequate provision for clear non-receipt circumstances such as those already built into the Electronic Transactions (Victoria) Act 2000.

Further, Shell Energy considers that it may be appropriate for the ESC to update its rules to clarify requirements around timeframes for actioning life support notifications and concession form applications. In particular, we support the rules clarifying that mandated timeframes are contingent on customers providing notice or returning forms in line with Retailers instructions. This should assist retailers in meeting their compliance obligations.

Clarifying timelines for compliance with certain obligations

Question 46

Shell Energy considers that it would be unfeasible for Retailers who are facing a last resort event to cancel direct debit arrangements within one business day. The current terminology of 'immediately' is sufficiently robust in clarifying the ESC's expectations.

Question 47

Changing a disconnection warning notice to be received rather than issued creates additional complexities in implementation, monitoring, and verification of this task. We are concerned that the complexities and the costs of complying with such an obligation would outweigh any benefits to be gained from this.

Disconnection warnings are not the first notice which a customer receives when they are at risk of this happening. Retailers follow a robust process in seeking engagement from consumers from the first instance that payment difficulty is recognised, and we seek to keep the customer engaged through multiple methods of contact and a variety of tools available to assist them in meeting their payments. The risk of disconnection is highlighted throughout this process where payments are continuously missed.

We consider that the current practice aligns with other government issues of warnings where, for example, tax is payable, fines are issued by police or council rates and charges are issued without a requirement to be received. Shell Energy recommends maintaining alignment with current practice.

Consequential amendments

Guideline 13 - Greenhouse gas graphs

Shell Energy is seeking flexibility to have other voluntary emissions reductions in addition to GreenPower counted in the visual display of emissions reflected on customer energy bills (greenhouse gas graphs).

We consider that this would modernise the ERCOP and Guideline 13 with current customer practices and will produce bills that are more accurate and up to date with new innovative products and services, better reflecting the massively growing emissions offset activity that is present within the market, and increasingly sought by customers. Further it will fulfil the request of customers in having supporting evidence of their emissions reduction actions to be displayed and contained within their energy bill if they wish and if the product offer supports it.

Specifically, we believe that offsetting emissions via official schemes such as voluntary surrender LGCs, ACCUs or future official certificates under any RGOO should be permitted within the calculation of the greenhouse gas graph to be displayed on large customers bills (or small customers) if customers wish and if Retailers agree. This would align to the Greenpower offset that is currently accounted for. The below is as per the CER website on voluntary surrender:

> *"Participants in voluntary markets may include companies, non-profits, individuals, and Australian state, territory and local governments. For example, Australian state governments may purchase and cancel ACCUs to offset emissions from state fleets or meet emissions reduction targets."*

We believe that the ERCOP and Guideline 13 should enable customers to display their voluntary reduction on their energy bill within the greenhouse gas graph. This will also deliver a regulatory regime in Victoria that is

attuned to customer developments and activity which is flexible and adaptable in supporting new innovative products that couple emissions reduction with energy consumption. This should strictly be as an option which can be offered by retailers and not an obligation, allowing for innovative contract offering.