



6 November 2025

Australian Energy Market Commission
Level 15
60 Castlereagh Street
Sydney NSW 2000

RE: ERC0406 – Clarifying the Treatment of Jurisdictional Policies and System Costs in the ISP

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 one of the largest electricity providers to commercial and industrial businesses in Australia¹, Shell Energy offers integrated solutions and market-leading² customer satisfaction, built on industry expertise and personalised service. 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, as well as the 200MW Rangebank Storage System and 370MW Koorangie Storage System both located in Victoria.

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 supports rule change developments to ensure that the Integrated System Plan (ISP) remains fit for purpose and which provides the appropriate level of information to interested stakeholders in a transparent manner. We support the principle that scenario modelling should consider the broadest possible set of conditions to ensure that stakeholders can understand the impact of particular constraints on system development. The current approach taken in the ISP considers a limited set of three scenarios that do not appropriately take into account the full range of potential future outcomes in the development of the electricity supply system. The jurisdictional policy environment is one area that currently receives only moderate attention across scenarios, and we consider that greater variation at the scenario level would enable examination of the impact of policies on developments in the industry.

The proposed baseline scenario would go some way to improving transparency in this area, but we note that it may not be appropriate to name it a baseline scenario if it considers changes to existing laws. Further, careful examination of what are firm targets versus what are ambitions must be considered. Modelling of changes to existing law should be undertaken in accordance with a transparent framework and in a realistic way to ensure that analysis is initiated from a common set of initial conditions. AEMO should not be required to judge the

¹ 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.



likelihood of changes occurring, but the modelled timing of policy changes should be aligned with earliest possible dates according to rule or law change timetables. This notes that changes in jurisdictional policy can and do occur and should be considered by AEMO via sensitivity analysis. We cite the recent change by the Queensland government on 16 October 2025 to repeal the previous governments renewable energy targets as an example where additional sensitivity analysis would be appropriate to improve information to stakeholders.

Shell Energy supports greater transparency of relative cost between ISP scenarios. The proposal to expand the types of costs that are considered by AEMO contains some costs that may be very time consuming to collate and may not add materially to the insight provided by the ISP. Detailed distribution costs are an example of this. However, we do consider that costs that are likely to vary markedly between scenarios and are key drivers of the investment outcomes in the modelling should be analysed and transparently reported.

To facilitate stakeholder analysis and engagement with the ISP outcomes we support improving the transparency of cost output information from the ISP. Absolute cost values and expenditure timing for all cost categories in each scenario and sensitivity would achieve this outcome. The current presentation of net present value of cost-benefit information and annualised costs does not provide transparency to stakeholders and limits their ability to adequately compare the investment dynamics between scenarios. Shell Energy considers that currently efficient investment decisions are made more challenging when scenario and sensitivity analysis are limited to specific outcomes and fail to include any baseline scenario.

We note the rule change proponent's focus on costing jurisdictional policies as part of the ISP analysis and consider that separate policy costing analysis should be undertaken by AEMO to provide that information. The current scenario approach taken by AEMO in the ISP does not lend itself to understanding the policy cost impact in isolation. This is because each scenario contains variations across a range of variables, not just jurisdictional policies. A sensitivity analysis that compares a policy overlay against a no-policy base scenario may provide the information identified by the proponent but would require careful analysis so as to not materially over or under-state the policy cost if all other variables were constrained. Shell Energy's preferred approach is to ensure that a broad set of scenarios are modelled, and full transparency of the model and results are provided. This will ensure that all stakeholders, including policy makers are well informed about the possible development pathways for the electricity supply system and its impact on costs to consumers, the overall economy and the environment.

Shell Energy welcomes further engagement on this topic. If you have any questions or would like further details relating to this submission, please contact Peter Wormald at peter.wormald@shellenergy.com.au.

Yours sincerely,

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