9 April 2026

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

RE: GRC0076 - ECGS Enhancing Reliability and Supply Adequacy Arrangements – Draft Determination

About Shell Energy in Australia

Shell Energy provides the energy businesses and households need for today and tomorrow.

A generation-backed trader and energy retailer, Shell Energy powers businesses and homes and acts as a catalyst for change to positively impact Australia's energy future.

We provide electricity, gas, and innovative solutions for our customers, complemented by our portfolio of gas-fired peaking power stations and battery storage assets, which support energy security and reliability.

Shell Energy is Australia's largest electricity retailer to commercial and industrial businesses, recognised for our market-leading customer service.[1] We offer business electricity, gas, and smart energy solutions. Our residential business, Powershop, provides greater choice and confidence to households and small businesses to help them take control of their energy through multiple energy plan options and digital tools.

Key Points

Shell Energy welcomes the opportunity to provide feedback on the draft determination. This submission covers the following key points:

- Shell Energy supports the threat signalling framework but notes that its effectiveness will depend on careful calibration and application of threat levels to avoid distorting incentives and crowding out efficient market-led responses. We therefore recommend independent governance of threat level design and application through the Gas Reliability Committee (GRC).
- Shell Energy does not support the proposed GRC governance model where the AEMC retains final decision-making authority, preferring a NEM-style Reliability Panel approach in which stakeholder representatives exercise defined decision-making powers to deliver credible, evidence-based outcomes trusted by the market.
- Shell Energy supports enhanced regional and likelihood-based analysis in the GSOO and VGPR to better reflect localised risks, but considers the rules should specify a minimum level of regional granularity to ensure consistent, transparent and informative signals while retaining flexibility for more detailed analysis.

Threat Signalling Framework

Shell Energy supports the proposed threat signalling framework but shares stakeholder concerns that the effectiveness of the framework will depend critically on how threat levels are calibrated and applied in practice.

In particular, Shell Energy notes stakeholder feedback (including from DCCEEW, AFMA and APGA) cautioning about the risk that threat levels could be set or applied too conservatively, particularly where forecasts are probabilistic and where there remains sufficient time for market participants to respond. Overly conservative signalling risks distorting commercial incentives, crowding out market-led responses, and creating an expectation of intervention where it may not be efficient or necessary.

[1] 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.

We consider that the Commission's proposal in the draft determination does not do enough to avoid these risks. Shell Energy supports the calls for independent governance over how threat levels are defined and applied noting that a common concern raised by stakeholders during the previous two rounds of consultation was that the proposed threat signalling framework delegates substantial discretion to AEMO to define and apply threat levels. The responsibility for these aspects of the threat framework would fit neatly with the responsibilities of the proposed GRC. Shell Energy recommends that the GRC be made responsible for developing and reviewing the threat levels and their application in consultation with stakeholders.

Gas Reliability Committee

Shell Energy does not support the Commission's preferred governance option for the GRC under which the AEMC retains final decision making responsibility. We consider that if the GRC is not the decision-making body, but instead informs decisions ultimately taken by the AEMC, it may not deliver the independent, industry-informed governance that stakeholders see as necessary to improve confidence in market settings. In the NEM, the Reliability Panel is entrusted with defined decision-making functions in relation to key reliability standards and market settings, with regulatory, industry and consumer representatives exercising real authority within a statutory framework. We consider this approach preferable as it gives stakeholders confidence that technical judgements are not filtered through a separate institutional lens, and it is the model that has proven to provide credible evidence-based outcomes accepted by the market.

GSOO and VGPR

Shell Energy supports the Commission's proposal to strengthen regional analysis and incorporate explicit likelihood measures within the GSOO and VGPR. Given the geographic diversity of the East Coast Gas System and the reliance of some regions on a limited number of supply sources or infrastructure, system-wide signals alone do not adequately reflect material regional risks or opportunities for market response. Incorporating region-specific assessments, informed by transparent probabilistic likelihood measures alongside severity, would improve the accuracy and usefulness of threat signals. This approach would better distinguish between localised, manageable risks and broader system-wide threats, and would assist market participants to respond in a timely and proportionate manner without overstating risk. Shell Energy considers that regional and likelihood-based analysis is therefore an important complement to a principles-based, tiered framework and will support more efficient, market-led outcomes.

To further enhance consistency, transparency and usefulness for market participants, Shell Energy considers it would be beneficial for the rules to articulate a minimum level of regional granularity (for example, major demand centres or supply–demand zones), while preserving AEMO's ability to provide more detailed regional analysis where appropriate. This would help ensure that regional assessments consistently reveal location-specific constraints and emerging risks.

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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