



13 October 2025

Economic Regulation Authority WA
Level 4, Albert Facey House
469 Wellington Street
Perth WA 6000

Lodged email: publicsubmissions@erawa.com.au

Dear ERA WA,

RE: 2025 Effectiveness Review of the Electricity Generation and Retail Corporation Regulatory Scheme

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to provide feedback to the Economic Regulation Authority Western Australia (ERA WA) on the Discussion Paper for the 2025 effectiveness review of the Electricity Generation and Retail Corporation (EGRC) Regulatory Scheme (the Discussion Paper). We understand that the ERA WA will consider feedback from this review and provide a report to the Minister for Energy by 31 December 2025 and the report will be tabled in Parliament with any amendments to the EGRC Regulatory Scheme mid-2026.

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 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](#).

¹By load, based on Shell Energy analysis of publicly available data.

²Utility 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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General Comments

Shell Energy understands that the intention of the EGRC Regulatory Scheme is to curtail Synergy's potential exercise of market power in the Wholesale Electricity Market (WEM), and to promote a competitive market, where other suppliers of electricity can develop to benefit end consumers. We appreciate the ERA WA reviewing the EGRC Scheme every two years and have provided our responses to specific stakeholder questions in the table below.



	Question	Shell Energy Response
1	What role do standard products have in your hedging portfolio or strategy?	[REDACTED]
2	Does the market need standard products? Please provide reasons for your response.	Yes, the market requires a benchmark price and a clear route to market. Currently, Synergy's standard products fulfill this role, although they may not represent the most efficient or competitive pricing mechanism.
3	Has the importance of standard products for your business changed since commencement of the new WEM in October 2023 and if so, how?	No, the importance remains unchanged. Regardless of whether the market operates on 30-minute or 5-minute intervals, retailers must hedge their retail load to comply with internal risk limits.
4	Have recent price outcomes affected your inclination to access standard products?	No, our need for standard products remains consistent. As baseload generation exits the system, the availability of standard products becomes even more critical for retail business. [REDACTED]
5	How important are standard product prices in determining customer pricing in your business?	They are essential – standard product prices are our primary benchmark for customer pricing. [REDACTED] As mentioned above, Synergy's standard products are the most liquid and the only reliable benchmark available. This is not to say that an alternative pricing mechanism could not replace this.



6	What would the impact, financial or otherwise, on your business have been, if any, in the absence of the standard products offered by Synergy?	[REDACTED]
7	What considerations impact your decision on whether to trade in standard products (e.g. price, terms, conditions)?	[REDACTED]
8	Do you consider the current buy-sell spread should change? Please provide reasons for your response.	[REDACTED]
9	How can the scheme address Synergy's potential to exercise market power on either the buy or sell side and remain agnostic to Synergy's net position?	The WEM is highly concentrated, similar to Tasmania, where indicative pricing is provided via rate cards. These regulated instruments provide greater transparency. We suggest the ERA WA consider Synergy's standard product pricing to apply a transparent, publicly available methodology that is regularly updated. This would prevent discretionary pricing and align with principles similar to the Efficient Variable Cost (EVC) requirements for generation offers. It would also enable retailers to price more competitively.
10	Does the WEM need separate hedging and forecasting services? If so, how do you envision such mechanisms may operate? Please provide reasons for your response.	Yes, increased market liquidity is essential. Introducing a financial swap market could provide more flexible hedging options beyond bilateral contracts or asset offtake agreements. This would allow participants to tailor financial products to better match their load profiles. Additionally, a centralised marketplace where Synergy is not the sole provider of standard products, would further improve hedging efficiency. Currently, many barriers to trading with other counterparties stem from the time-consuming nature of bilateral agreements, and the dispatch linked nature of a bilateral contract. A centralised platform allowing participants to buy and sell either bilateral or financial contracts would significantly improve market liquidity, transparency, and efficiency, and reduce reliance on a single dominant provider.



11	What considerations impact your decision on whether to trade in standard products (e.g. price, terms, conditions)?	[REDACTED]
12	What features do you consider warranted in a standard product regime?	A robust standard product regime should include: • Regularly updated transparent and publicly available pricing methodologies; • Standardised contract terms including duration, volume, and delivery periods; • Clear definitions of product types (e.g. baseload, peak); • Mechanisms for dispute resolution and compliance oversight; and • Accessibility for all market participants to ensure fair competition.
13	Should the definition of 'peak period' be aligned with the actual peak periods in the WEM?	Yes, aligning the definition with actual peak periods would improve accuracy and relevance. It would ensure that hedging instruments reflect real system demand and pricing dynamics.

Conclusion

[REDACTED]

[REDACTED]