



16 December 2025

Energy Policy WA  
Attn: Director, Wholesale Markets  
Level 1, 66 St Georges Terrace  
Perth WA 6000

Lodged email: [energymarkets@deed.wa.gov.au](mailto:energymarkets@deed.wa.gov.au)

Dear EPWA,

## RE: Rule Change Proposal (RC\_2025\_01) – Supplementary Reserve Capacity Amendments

Shell Energy Australia Pty Ltd (Shell Energy) welcomes the opportunity to provide feedback to Energy Policy WA (EPWA) on the Rule Change Proposal for Supplementary Reserve Capacity Amendments that has been proposed by Bluewaters Power on 15 October 2025 with a 40 day stakeholder consultation period. The Rule Change proposal seeks to change the sources of supplementary capacity that are Eligible Sources under clause 4.24.3 of the Electricity System and Market Rules (ESM Rules).

### 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<sup>1</sup>, Shell Energy offers integrated solutions and market-leading<sup>2</sup> 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](#).

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<sup>1</sup>By load, based on Shell Energy analysis of publicly available data.

<sup>2</sup> 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.

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## General Comments

Shell Energy acknowledges that Bluewaters' proposed change aims to allow electricity generation by Registered Facilities where the Market Participant applied for certification in the current Reserve Capacity Cycle but did not receive Capacity Credits, to participate in the Supplementary Capacity process for the relevant Capacity Year. Under the current ESM Rules, electricity from Registered Facilities qualifies as an Eligible Service only if it is generated from capacity for which the Market Participant has not held Peak Capacity Credits in either the current or immediately preceding Capacity Year. This restriction is intended to prevent strategic withholding of capacity and preserve market integrity. While this approach supports reliability objectives, it can also reduce competition and limit AEMO's ability to access additional capacity during forecast shortfalls, such as through the SC process.

We appreciate Bluewater's proposal and agree that the current restriction may limit competition and reduce AEMO's ability to access available capacity during periods of tight supply. Allowing Registered Facilities to provide Eligible Services could enhance system flexibility and better support the State Electricity Objective (SEO). However, we recommend incorporating safeguards to mitigate potential gaming risks by disincentivising the withholding of capacity in the RCM.

To address concerns about potential withholding of capacity from the RCM and reduce the risk of gaming, noting that the current relevant Rules were inserted to mitigate this risk, we recommend introducing transparency measures requiring AEMO to publish information on relevant circumstances outlined in the Rule Change Proposal. This would enable AEMO to explain why a MP was not eligible to receive capacity credits in that RCC, however, AEMO has made a determination that the MP can meet the criteria and be eligible to participate in the SC process for the upcoming hot season. Requiring AEMO to publish this information will discourage potential gaming through reputational risk for the MP and place greater scrutiny on AEMO's decision-making for these Eligible Services.

## Conclusion

Shell Energy is supportive of the rule change proposed by Bluewaters Power as we consider it will improve competition and AEMO's ability to access additional capacity during period of forecast shortfalls such as through the SC process. Our submission suggests additions to the proposed rule change in the form of a safeguards which in our view would remove any concerns regarding the integrity of the RCM and improve competition in the SC.

We welcome the opportunity to discuss our submission further. Please contact Tessa Liddelow at [tessa.liddelow@shellenergy.com.au](mailto:tessa.liddelow@shellenergy.com.au) for any queries regarding this submission.

Yours sincerely

James Ell

Acting General Manager – Regulatory Affairs & Compliance