

12 December 2025

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

RE: 2026-2027 Victorian Default Offer: Request for Comment Paper

About Shell Energy and Powershop in Australia

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 one of the largest electricity providers to commercial and industrial businesses in Australia,¹ Shell Energy offers integrated solutions and market-leading² customer satisfaction, built on industry expertise and personalised service. Our generation assets include 662 megawatts of gas-fired peaking power stations in Western Australia and Queensland, to provide back-up for rising levels of renewable energy, 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

Powershop and Shell Energy note that the Victorian Default Offer (VDO) 2026-2027 Request for Comment Paper (the Paper) includes a proposal to introduce a Free Power Period similar to the Solar Sharer Offer (SSO) being proposed by Department of Climate Change, Energy, the Environment and Water (DCCEEW)³. Powershop and Shell Energy are broadly supportive of the intent to increase utilisation of abundant rooftop solar during peak solar generation windows. However our submission to DCCEEW (attached) highlighted concerns in relation to the SSO and called for further work on the proposed design to address negative customer impacts, reduce complexity and minimise cost impacts, in particular, network costs.

While we acknowledge that the VDO includes a high-level Free Power Period proposal, it appears to lack detail on operational aspects and how it would be implemented. This submission primarily responds to issues raised in the SSO consultation, which provided more detailed considerations. Given that the VDO references the SSO process being run by the Commonwealth, much of our feedback will be similar.

Introduction of Free Power Period - Implementation Timing and Market Readiness

Powershop is concerned that the proposed July 2026 implementation date does not provide sufficient time to:

- Design and test robust IT system architecture to manage what is likely to be highly complex compliance requirements;
- Align network tariffs with the proposed Free Power Period windows;
- Fully assess the cost and customer experience implications of introducing the Free Power Period;
- Adjust hedging strategies, noting that many retailers have already taken forward positions based on current market settings and the Retailer Contracting approach under the Default Market Offer (DMO) and VDO; and

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.

³ [Have your say on a Solar Sharer Offer - DCCEEW](#).

- Develop industry-wide plain language product disclosure statements and retailer-specific processes or communication materials to educate consumers and ensure compliance, alongside DMO and standing offer obligations.

Mandatory implementation without adequate lead time introduces significant financial and operational risk for all retailers, particularly smaller retailers. Fair or reasonable use policies must be established to prevent excessive consumption, avoid undermining the policy's intent, and reduce inequity over the medium to long term. These provisions are inherently complex, difficult to enforce, and can negatively impact the consumer experience. Careful consideration is needed to determine how fair use rules are operationalised and calculated, as well as their broader impact on energy consumers.

Retailers have already taken hedging positions for the post-July 2026 period that do not account for the mandatory provision of a Free Power Period. We strongly recommend a "start small and simple" phased approach, allowing for iterative learning and adaptation. This will reduce the risk of retailer failure (particularly among smaller retailers) and ensure a more stable introduction of these products. A phased approach would also support a more orderly Accelerated Smart Meter Rollout, enabling universal access to Free Power Periods or equivalent market products and improving equity in access.

Network tariff alignment for a 'free power period'

Powershop and Shell Energy urge a cautious, data-driven, customer-centric, and regionally appropriate approach. A phased rollout aligned with network capabilities and market readiness is essential to avoid unintended consequences and ensure that a Free Power Period policy delivers on its objectives without compromising system stability or consumer outcomes.

In considering a 'free power period', we remind the ESC that wholesale costs make up just one factor in a retail tariff. Network charges are a significant part of retail tariffs. Consequently, for a "Free power period" to truly be functional, network tariffs must align to the incentives created with a free power period. If network tariffs remain as they are now, the network costs retailers incur during the free power period will need to be recovered at other times of day. The concept of the "free power plan" is flawed without the availability of consistent zero-priced windows in Victorian network tariffs.

We recognise that the ESC has no power to require networks to change their network tariff structures. The AER is responsible for regulating networks and their tariffs. We therefore encourage the ESC to work with the AER to find a way to revisit their network tariff determinations for the current regulatory period.

If network tariffs are not aligned with a proposed 'free power period', retailers face a risk that can only be managed by recovering costs for the 'free power period' at other times of day.

Powershop and Shell Energy thank the ESC for the opportunity to provide comments on this matter. If you would like to discuss any part of this submission, please contact Tessa Liddelow at

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Yours sincerely

James Ell

Acting General Manager – Regulatory Affairs and Compliance