# Attachment 1: Officials' Consultation Paper – Stakeholder feedback template

## Submission from Shell Energy

The template below has been developed to enable stakeholders to provide feedback on how the NGL, NERL and, where relevant, the Regulations made under the NGL and NERL, could be amended to:

- extend the application of the national gas regulatory framework to NG equivalents; and
- where it is appropriate to do so, provide for OG products to be accommodated by the national gas regulatory framework over time

Officials strongly encourage stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue. If you wish to provide additional feedback outside the template, wherever possible please reference the relevant question to which your feedback relates.

## Chapter 4: Extending the NGL and NERL to natural gas equivalents

| No. | Questions | Feedback |
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| | | **Section 4.3: Potential approach to extending the NGL** |
| **Section 4.2.1: Extension to NG equivalents and related facilities and activities** | | |
| 1 | What are your views on the potential approach to extending the application of the NGL to NG equivalents and related facilities and activities? Are there any other approaches that you think would better achieve the objectives of Energy Ministers (see section E.3)? | Hydrogen is a major part of Shell's net zero emissions future and Shell has a proven track record and investment in all parts of the hydrogen supply chain, from production through to end-use. At the Shell Rhineland Refinery in Germany, Shell is building one of the largest hydrogen electrolysers in the world. This is one of a number of green hydrogen projects Shell has announced with a combined capacity of over 4 GW to come on stream this decade.<br><br>While hydrogen has a critical role to play in both Australia's and the world's energy transition, significant advances are needed to drive it down the cost curve and improve the technology and infrastructure to support a global hydrogen supply chain. To realise the opportunity hydrogen offers Australia there will be a need to scale up and de-risk green hydrogen, build sufficient demand, and have the infrastructure in place.<br><br>As such, Shell considers the extension of the application of the NGL to NGE a sensible step. A clear and practical regulatory framework is key to enable investment decisions and the development of an alternative gas industry in Australia. Shell considers it critical that the regulatory framework provides a level of flexibility that allows the development of a wide range of technologies/new forms of gas, as business opportunities are being explored/under development.<br><br>In principle, Shell supports extending the NGL through the 'suitable for consumption' limb of the natural gas definition, noting practicalities are yet to be determined. However, as it is proposed that each jurisdiction will define whether a particular gas or gas blend is suitable for consumption in existing natural gas pipelines, consideration should be made to how a national |

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| | | consistent approach will be applied. Harmonisation will be critical when considering how the NGL is applied to transmission pipelines to ensure that NGE products can be shipped across jurisdictions to enable supply to meet demand.<br><br>Shell also considers it to be critical that in considering the accommodation of NGEs into Australia's gas infrastructure that the current natural gas industry is not jeopardized. |
| 2 | What are your views on the policy intention to enable all elements of the national gas regulatory framework to apply to NG equivalents and their related facilities and activities in the same way that they do to natural gas? | Shell considers this a sensible approach. This will be important to create a level playing field across market parties engaging in a commercially competitive space and to ensure efficiencies of existing infrastructure. |
| 3 | What are your views on the NGL requiring jurisdictions to make a local regulation to confirm when a gas or gas blend authorised for supply through a pipeline (or part of a pipeline) is an NG equivalent? | In principle, Shell supports this approach as a clear signal to industry. As noted in our response to Q1 a national consistent approach will be important to support the existing interconnected infrastructure. |
| 4 | Who is likely to operate the blending facilities involved in the creation of NG equivalent blends? | No comment. |
| 5 | Do you think blending facilities should be subject to the same economic regulatory framework that applies to pipelines? Please explain your response to this question. | No comment. |
| 6 | Are there any specific physical characteristics of NG equivalents or the supply chain for these products that you consider should be taken into account when extending the natural gas regulatory framework to NG equivalents? | No comment. |
| 7 | Are there any other observations you would like to make about the potential approach to extending the application of the NGL to NG equivalents and related facilities and activities? | No comment. |
| 8 | Are there any other changes that you think need to be made to the NGL to accommodate NG equivalents and related facilities and activities? | No comment. |

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| **Section 4.2.2: Extension to constituent gases and related facilities and activities** | | |
| 9 | What are you views on the proposal to amend the NGL to enable the national gas regulatory framework to apply to the constituent gases and related facilities and activities involved in the supply of NG equivalents (where appropriate to do so) set out in section 4.2.2? | Shell considers it critical that the regulatory framework provides a level of flexibility that allows the development of a wide range of technologies/new forms of gas, as business opportunities are being explored/under development. |
| 10 | What are your views on the proposal that pipelines involved in the transportation of a constituent gas (e.g. a hydrogen pipeline) be subject to economic regulation under the NGL and NGR? | No comment. |
| 11 | Are there any other observations you would like to make about the potential approach to extending the application of the NGL to constituent gases and related facilities and activities? | Infrastructure planning and investment should consider the accommodation of constituent gases. It should highlight the roles and responsibilities of market and regulated players in the production of constituent gases, set clear rules for the injection of consistent gases into and state specific rules for connecting electrolysers to the grid. |
| 12 | Are there any other approaches that you think would better achieve the objectives of Energy Ministers (see section E.3)? | No comment. |
| 13 | Are there any other changes that you think need to be made to the NGL to accommodate constituent gases and related facilities and activities? | No comment. |
| **Section 4.2.2: Extension of market bodies' functions and powers** | | |
| 14 | What are your views on the potential approach to extending market body functions and powers set out in section 4.2.3 to:<br>(a) NG equivalents and related facilities and activities?<br>(b) constituent gases and related facilities and activities? | Shell considers this a sensible approach. |

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| 15 | Do you think arrangements are needed for distribution pipelines attached to the DWGM and STTM to provide for independent management of blending limits (or gas specification requirement) imposed by a jurisdiction? If you think AEMO or another third party should be responsible for this function, please explain what costs and benefits you think would be associated with it doing so. | No comment. |
| 16 | Are there any other changes to market body functions and powers required to accommodate NG equivalents, their constituent gases, or related facilities and activities? | No comment. |
| 17 | Are there any other approaches that you think would better achieve the objectives of Energy Ministers? | No comment. |
| **Section 4.3: Potential approach to extending the NERL** | | |
| 18 | What are your views on the potential approach to extending the application of the NERL to NG equivalents set out in section 4.3? | No comment. |
| 19 | What are your views on the potential approach to extending the AER's and AEMC's functions and powers under the NERL to NG equivalents set out in section 4.3? | No comment. |
| 20 | Are any other changes to the NERL or the market bodies' functions and powers under the NERL required to accommodate NG equivalents? | No comment. |
| 21 | Are there any other approaches that you think would better achieve the objectives of Energy Ministers (see section E.3)? | No comment. |

## Chapter 5: Accommodating other gas products in the NGL and NERL over time

| No. | Questions | Feedback |
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| Section 5.1: Potential approach to accommodating other gas products in the NGL | | |
| 22 | What are your views on the potential approach to allowing the NGL to accommodate OG products over time, as described in section 5.1? | Shell considers this a sensible approach. |

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| 23 | Could amending the NGL in the manner described in section 5.1 lead to any unintended consequences? If so, please explain what those unintended consequences may be. | No comment. |
| 24 | What are your views on the proposal to apply the economic regulatory provisions to pipelines involved in the haulage of OG products and their constituent gases? | No comment. |
| 25 | Are any other changes to the NGL required to accommodate OG products? | No comment. |
| 26 | Are there any other approaches that you think would better achieve the objectives of Energy Ministers (see section E.3)? | No comment. |
| Section 5.2: Potential approaches to accommodating other gas products in the NERL | | |
| 27 | What are your views on the potential approach to allowing the NERL to accommodate OG products, as described in section 5.2? | No comment. |
| 28 | What are your views on the second potential approach to allowing the NERL to accommodate OG products, as described in section 5.2? | No comment. |
| 29 | Could amending the NERL in the manner described in section 5.2 lead to any unintended consequences? If so, please explain what those unintended consequences may be. | No comment. |
| 30 | Are any other changes to the NERL required to accommodate OG products? | No comment. |
| 31 | Are there any other approaches that you think would better achieve the objectives of Energy Ministers (see section E.3)? | No comment. |