

5 July 2019

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Locked Bag 11  
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Via email: [PUOsubmissions@treasury.wa.gov.au](mailto:PUOsubmissions@treasury.wa.gov.au)

Dear Miss Braithwaite

**Re: Submission – Review of Energy Customer Contract Regulations – Draft Recommendations Report**

Thank you for the opportunity to comment on the Public Utilities Office (PUO) Review of Energy Customer Contract Regulations – Draft Recommendations Report, as published on 29 May 2019. This letter outlines a submission from ATCO in response to the draft recommendations.

## OVERARCHING COMMENTS

ATCO is generally supportive of proposed recommendations as outlined in the Draft Recommendations Report (the Report), specifically to update the Australian Gas Association Natural Gas Customer Service Code AG 755-1998 (the AGA Code) to streamline compliance reporting requirements and align with proven customer protection arrangements. However ATCO suggests that draft recommendation 13 requires additional consideration to minimise inconsistencies with existing requirements.

ATCO further supports the collaborative approach between the PUO and Economic Regulation Authority to implement potential changes to the Electricity Customer Code, the Compendium of Gas Customer Licence Obligations (the Compendium) and/or gas licence conditions, and welcomes continued engagement in this regard.

## DETAILED RESPONSE

ATCO commends the PUO on its ongoing engagement and commitment to update the AGA Code and the Compendium to reflect current, fit-for-purpose regulatory instruments which minimise compliance burden for stakeholders. To that end, ATCO is supportive of the PUO's guiding principles to:

- i) minimise inconsistency between customer protection arrangements for electricity and gas;
- ii) remove unnecessary overlap between regulatory instruments; and
- iii) evaluate customer protection arrangements in other jurisdictions to ensure recommendations to improve the local regulatory frameworks deliver proven and up-to-date customer protections.

Whilst ATCO is generally supportive of the PUO's draft recommendations, it suggests further consideration with respect to draft recommendation 13 which states:

*That the Public Utilities Office request the ERA consider inserting a requirement into the gas distribution licences for distributors to make supply available at new connections within 20 business days, subject to:*

- *adequate supply being available at required volume and pressure at the boundary of a new supply address;*
- *the natural gas installation at the supply address complying with regulatory requirements; and*
- *the customer providing necessary safe, convenient and unhindered access to the supply address.*

ATCO is supportive of draft recommendation 13, noting that it is consistent with obligation 88 in the ERA's Gas Compliance Reporting Manual. As per its engagement with the PUO in 2017, ATCO supports this obligation being carried over to the gas distribution licence.

ATCO respectfully requests future consultation with the ERA on the proposed wording of the requirement which will be included in ATCO's gas distribution licence. ATCO would further appreciate consideration be given to the new connection requirements referencing the "obligation to connect" clause in Schedule 3 of the gas distribution licence.

ATCO would also like to take the opportunity to clarify the following statement made on page 21 of the Report:

*Gas appliances can be largely replaced by equivalent electricity appliances at a new connection if a gas connection is not available or cost effective.*

ATCO notes that gas appliances (such as heating, cooking and hot water) are materially less costly for consumers to run than equivalent electric appliances. It is also the case that under current legislation in Western Australia, only water, sewerage and electricity services are mandated as "essential" services at connection sites. As such, ATCO suggests that, separate to this review process, consideration should be given to mandating gas services as essential services at connection sites so that consumers are provided with the opportunity for greater choice, energy security and competitive pricing options.

## **ABOUT ATCO**

ATCO has been proudly operating in Australia and providing employment opportunities for more than half a century. ATCO is a customer-focussed global company that develops, builds, owns and operates a range of energy infrastructure assets, supporting residential, business and commercial consumers. ATCO is committed to investing in its people, innovation and technology to drive leading-edge application based research.

In Australia, ATCO:

- owns and maintains two non-regulated gas distribution networks in Albany (LPG) and Kalgoorlie (natural gas), together with the largest (Mid-West and South-West) gas distribution network in Western Australia, servicing over 760,000 connections through more than 14,000 km of natural gas pipelines and associated infrastructure;

- owns an exempt retailer (Source Energy Co) in the Wholesale Electricity Market that provides electricity to around 500 embedded network customers in strata developments through a combination of solar photovoltaic systems, grid purchases and battery storage;
- owns and operates two power generation facilities (a joint-owned facility in Adelaide and a wholly-owned facility in Karratha) with a combined capacity of 266 MW;
- is drawing on its established expertise in natural gas to explore the future role of hydrogen through the research and development of ATCO's Clean Energy Innovation Hub (an embedded hybrid microgrid system that incorporates renewable solar generation, battery storage, natural gas backup generation); and
- manufactures and delivers modular building solutions to a diverse group of customers.

ATCO's Australian businesses are part of the worldwide ATCO Group with approximately 7,000 employees and assets of \$23 billion. ATCO is engaged in pipelines and liquids (natural gas transmission, distribution and infrastructure development, energy storage, and industrial water solutions); electricity (electricity generation, transmission, and distribution); retail energy; and structures and logistics.

If you have any questions or would like to discuss any of these issues further please contact me or Stevan Green, President Gas Division.

Yours sincerely



**J.D. Patrick Creaghan**  
Managing Director and Chief Operating Officer  
Australia