

# Decision to renew gas distribution licence GDL8

ATCO Gas Australia Pty Ltd

15 June 2021

Economic Regulation Authority

WESTERN AUSTRALIA

D232754

## Economic Regulation Authority

Level 4, Albert Facey House

469 Wellington Street, Perth WA 6000

**Telephone** 08 6557 7900

**Email** [info@erawa.com.au](mailto:info@erawa.com.au)

**Website** [www.erawa.com.au](http://www.erawa.com.au)

This document can also be made available in alternative formats on request.

National Relay Service TTY: 13 36 77

© 2021 Economic Regulation Authority. All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged

## 1. Decision

1. Pursuant to sections 11K and 11S of the *Energy Coordination Act 1994* (Gas Act), the Economic Regulation Authority has renewed ATCO Gas Australia Pty Ltd's gas distribution licence GDL8.
2. Subject to its terms and conditions, the licence authorises ATCO Gas Australia to:
  - a. construct a distribution system and to transport gas through the system  
or
  - b. transport gas through an existing distribution system, and if required for that purpose to make alterations to the systemand to operate and maintain the system (section 11D of the Gas Act).
3. ATCO Gas Australia's licence area is the Coastal, Great Southern and Goldfields-Esperance gas supply areas as shown in plan ERA-GAS-006(C) in the licence.
4. The term of the renewed licence is 21 years (the maximum period allowed by section 11O of the Gas Act).
5. As required by section 11T of the Gas Act, the ERA will publish a notice of the renewal of the licence in the Government Gazette as soon as practicable.

## 2. Reasons

### 2.1 Licence

6. Section 11G of the Gas Act requires a person to hold a gas distribution licence to construct, alter or operate a gas distribution system or transport gas through a distribution system.
7. The Office of Energy granted GDL1, GDL2 and GDL3 to AlintaGas Networks Pty Ltd on 1 July 2000 for a period of 21 years, with an expiry date of 30 June 2021.<sup>1</sup>
8. The administration of GDL1, GDL2 and GDL3 was transferred from the Office of Energy to the ERA in 2004.
9. GDL1, GDL2 and GDL3 were replaced with GDL8 in 2007.
10. On 8 April 2021, ATCO Gas Australia applied to the ERA to renew GDL8.

### 2.2 Public consultation

11. On 29 April 2021, the ERA sought [public comment](#) on the licence renewal application. The period for submissions closed on 19 May 2021.
12. The ERA did not receive any submissions.

### 2.3 Financial and technical assessment

13. Under section 11S of the Gas Act, the ERA must renew a licence if it is satisfied that the licensee has and is likely to retain, or will acquire within a reasonable time after the renewal, and is then likely to retain, the financial and technical resources to undertake the activities authorised by the licence.
14. As part of its renewal application, ATCO Gas Australia provided audited financial reports for the past three financial years for its parent company, ATCO Gas Australia Limited Partnership, and a written declaration from ATCO Gas Australia's president that it has, and will retain, the financial resources to undertake the activities authorised by the licence.
15. Based on the information provided, the ERA is satisfied that ATCO Gas Australia has, and is likely to retain, the financial resources to undertake the activities authorised by the licence.
16. The ERA used ATCO Gas Australia's licence compliance and asset management history to determine whether it has, and is likely to retain, the technical resources to undertake the activities authorised by the licence.
17. Based on its licence compliance and asset management history, the ERA considers that ATCO Gas Australia has, and is likely to retain, the technical resources to undertake the activities authorised by the licence.

---

<sup>1</sup> AlintaGas Networks Pty Ltd changed its name to WA Gas Networks Pty Ltd in October 2008, and then to ATCO Gas Australia Pty Ltd in January 2012.

## 2.4 Gas industry ombudsman scheme

18. Section 11ZQG of the Gas Act states that the ERA must not renew a licence unless it is satisfied that the licensee is a member of the gas industry ombudsman scheme. ATCO Gas Australia is a member of the gas industry ombudsman scheme.

## 2.5 Assessment of public interest

### 2.5.1 Energy Coordination Act 1994

19. Under section 11K of the Gas Act the ERA must not renew a licence unless it is satisfied that it would not be contrary to the public interest to do so. To determine whether the renewal would not be contrary to the public interest, the ERA may take into account the matters referred to in section 11H(3) of the Gas Act:
- a. Environmental considerations.
  - b. Social welfare and equity considerations, including community service obligations.
  - c. Economic and regional development, including employment and investment growth.
  - d. The interests of gas customers generally or of a class of gas customers.
  - e. The interests of any licensee, or applicant for a licence, in respect of the supply area or part of a supply area to which the order, if made, would apply.
  - f. The importance of competition in gas industry markets.
  - fa. The policy objectives of government in relation to the supply of gas.
  - g. Any other matter that he or she considers relevant.

### 2.5.2 Economic Regulation Authority Act 2003

20. In renewing a licence, the ERA must have regard to the matters set out in section 26(1) of the *Economic Regulation Authority Act 2003*:<sup>2</sup>
- a. The need to promote regulatory outcomes that are in the public interest.
  - b. The long-term interests of consumers in relation to the price, quality and reliability of goods and services provided in relevant markets.
  - c. The need to encourage investment in relevant markets.
  - d. The legitimate business interests of investors and service providers in relevant markets
  - e. The need to promote competitive and fair market conduct.
  - f. The need to prevent abuse of monopoly or market power.
  - g. The need to promote transparent decision-making processes that involve public consultation.

### 2.5.3 ERA assessment of public interest

21. The ERA has considered:

<sup>2</sup> The ERA has discretion to decide the weight it gives to each of the matters listed in section 26(1) of the ERA Act in making its decision.

- The matters set out in section 11H(3) of the Gas Act.
  - The matters set out in section 26(1) of the ERA Act.
  - The financial reports for ATCO Gas Australia Limited Partnership for the past three financial years.
  - The written declaration from ATCO Gas Australia's president.
  - ATCO Gas Australia's licence compliance and asset management history.
22. The interests of ATCO Gas Australia's existing customers are best served by ATCO Gas Australia continuing to be licensed (section 11H(3)(d) of the Gas Act and section 26(1)(a) and (b) of the ERA Act).
23. The ERA conducted public consultation on the licence renewal application and has stated in this decision the reasons for renewing the licence, which is consistent with section 26(1)(g) of the ERA Act.
24. In all circumstances, after taking into account the matters in section 11H(3) of the Gas Act and section 26(1) of the ERA Act, the ERA is satisfied that renewing GDL8 would not be contrary to the public interest.