

11 July 2024



Tyson Self
Assistant Director – Gas
Economic Regulation Authority
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Perth WA 6000

Sent via email: publicsubmissions@erawa.com.au

DRAFT DECISION – SIXTH ACCESS ARRANGEMENT REVISIONS TO THE MID-WEST & SOUTH-WEST GAS DISTRIBUTION SYSTEMS

Dear Tyson,

The Chamber of Minerals and Energy of Western Australia (CME) is the peak representative body for the resources sector in WA. CME has member companies across the major gas demand usage categories of minerals processing, mining, electricity generation (in the South West Interconnected System and elsewhere) and industrial users.¹

In 2022-23, a surveyed sample of our members directly employed 81,102 residents from the Mid West, Perth metropolitan, Peel and South West regions of WA on a full-time basis, with the sector's supply chain spending indirectly supporting the employment of another 346,485 residents across these regions.^{2 3} This supply chain spending included payments to 13,401 local businesses, 654 community organisations and 32 local councils.

Further to our positions on climate⁴ and energy,⁵ we support the delivery of a low emission, reliable and globally cost-competitive energy system in WA with net zero to be achieved as soon as possible but by no later than 2050. The sixth access arrangement (AA6) for the Mid-West and South-West Gas Distribution Systems proposed by ATCO Gas Australia Pty Ltd (ATCO) may help facilitate the pathway to decarbonisation in the short to medium term, particularly for some hard-to-abate industrial sectors.

We appreciate the Economic Regulation Authority's (ERA) continued rigour and prudence in regulating WA's access arrangements.

We strongly support aligning WA with all other jurisdictions in Australia on policy issues such as climate and energy. Earlier this year, we welcomed the adoption of a modified form of the National Gas Access Laws in WA to include jurisdictional emissions reduction targets. For consistency of regulation, we would welcome an extension of the WA gas access laws to include hydrogen and renewable gases. There should thus be **flexibility in the pathway to abatement to ensure least cost and prevent unintended consequences**. In the event that WA adopts the relevant amendments sooner than expected, we **recommend the ERA consider ATCO's proposed new fixed principle for a 'cost pass through event' on renewable gas expenditure**. With increased uncertainty on the future of gas and utilisation of pipelines, we support the provision of regulatory flexibility on timing to help with investment planning.

We acknowledge dynamic scenario modelling of industrial demand and fuel switching is challenging. We, therefore, support ATCO's efforts to address this concern in their revised response.

Reiterating our last submission, we support consistency and alignment with existing multi-sector models. We thus support ATCO's efforts through Core Energy and Resources' (CORE) revised review of the outlook for industrial A1 and A2 tariff classes and the associated comparison with all third party forecasts. We agree with CORE that recent major announced movements in gas demand cannot be sufficiently linked to price elasticity and economic activity. The ERA should be aware these decisions were inherently complex and not

¹ Australian Energy Market Operator, [2023 WA Gas Statement of Opportunities](#), 14 December 2023, p 30.

² CME, [2022-23 Economic Contribution Factsheets](#), March 2024.

³ Regions covered by the network, i.e., Geraldton, Eneabba, Bunbury, Busselton, Harvey, Pinjarra, Kemerton, Capel, Mandurah and the greater Perth metropolitan area.

⁴ CME, [2024 Issues paper: Targets, pathways and progress](#), submission to the Climate Change Authority, 21 May 2024. [Climate policy](#), published 5 October 2021.

⁵ CME, [Future Gas Strategy: Consultation paper](#), submission to the Department of Industry, Science and Resources, 13 November 2023. [Energy policy](#), infrastructure position, published 28 September 2021.

'attributable to specific operational factors alone' and should not be taken directly to infer a lowering of gas prices from 2025.

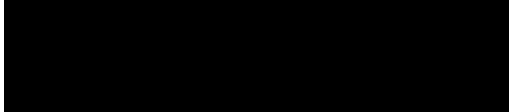
We also understand the Australian Energy Market Operator is changing its 2025 survey to better capture information on gas consumption trends such as increasing electrification. If possible, the ERA should endeavour to access these insights on electrification to inform its final decision.

Lastly, we support ATCO's continued engagement with industrial customers to gauge demand and willingness to pay for renewable gases ahead of the seventh access arrangement.

Should you have questions regarding this submission, please contact Aaron Walker, Manager – Industry Competitiveness and Economics, on [REDACTED] or at [REDACTED]

CME consents for this submission to be published on the ERA's website.

Yours sincerely

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Adrienne LaBombard
Director – Policy & Advocacy