



6 April 2018

Mr Noel Ryan
Acting Director, Energy Networks
Public Utilities Office
Department of Treasury
Level 23, 28 Barrack Street
PERTH WA 6000

Submitted via email: PUOsubmissions@treasury.wa.gov.au

Dear Mr Ryan

RE: Consultation Papers – *Improving access to the Western Power network*

Thank you for the opportunity to comment on the three consultation papers relating to the proposed implementation of reforms to improve access to the Western Power network published during February and early March 2018. This letter outlines a submission from ATCO.

ATCO recognises the potential improvements that could be delivered through constrained access, including improved efficiency and clearer signals for potential investors in new generation assets.

ATCO submits that there is considerable potential for small-scale hybrid energy solutions and microgrids (typically with an installed generation capacity of 2-5MW) in Western Australia, especially in areas of the State where traditional network infrastructure investment is difficult to justify on cost or efficiency grounds. These areas face a number of energy supply difficulties or potential difficulties, such as intermittent reliability and being served by long 'stringy' feeder lines, or they comprise only a small number of customers. The emergence of new and cost effective energy technologies means it is becoming increasingly realistic to provide consumers in these areas with access to safe, affordable and reliable electricity using non-network energy solutions. Similar solutions are also becoming increasingly viable for larger towns and regional centres in Western Australia.

In this context, ATCO welcomes the exclusion of small generators (capacity less than 10MW) from the proposed constrained access arrangements. These generators are not required to be registered in the Wholesale Electricity Market nor subject to central dispatch, so it would be consistent and equitable to retain their current unconstrained access rights to the Western Power network under new constrained access arrangements. This approach also provides regulatory certainty on network access for proponents of hybrid energy solutions and microgrids.

ATCO Australia Services Pty Ltd

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ATCO

AUSTRALIA

About ATCO

ATCO is a customer-focussed company that develops, builds, owns and operates a range of energy infrastructure assets, supporting residential, business and commercial consumers across Australia. ATCO's Australian businesses:

- own and maintain two non-regulated gas distribution networks in Albany and Kalgoorlie, together with the largest (Mid-West and South-West) gas distribution network in Western Australia, connecting over 750,000 customers through more than 14,000 km of natural gas pipelines and associated infrastructure;
- own and operate two power generation facilities in Australia (a joint-owned facility in Adelaide and a wholly-owned facility in Karratha) with a combined capacity of 266 MW; and
- manufacture and deliver modular building solutions to a diverse group of customers.

ATCO's Australian operations are part of the worldwide ATCO Group with approximately 7,000 employees and assets of \$21 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 Amy Stanley, General Manager Human Resources & Corporate Affairs.

Sincerely,



PP

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