

9 December 2020

Energy Policy Western Australia
Level 1,66 St Georges Terrace
PERTH WA 6000

Submitted via email: submissions@energy.wa.gov.au

Dear Sir/Madam

Re: Energy Sector Governance

Thank you for the opportunity to respond to the consultation paper on Energy Sector Governance: Proposed Changes to the Regulatory Framework published on 10 November 2020.

As a major participant in Western Australia's energy market, as the owner and operator the Midwest, Southwest, Kalgoorlie and Albany gas distribution networks and the Karratha power station, ATCO has not seen any deficiencies in the current governance arrangements for the provision of essential energy services.

Given the need for independence and fair judgement in a contestable market, ATCO is conscious of the need to maintain independence in decision making. It is encouraging that the Consultation Paper has considered some mechanisms to maintain independence, such as appointment of an independent Chair to the Gas Advisory Board to support the Board reach consensus and note any dissenting views when providing advice to the Coordinator. ATCO is concerned that some mechanisms may not be effective and could be influenced in the short term. For example, while the Coordinator of Energy is appointed under Part 3 of the *Public Sector Management Act 1994* by the Commissioner for Public Sector Management, the Coordinator is also subject to direction from the Government of the day. This presents a challenge as future planning for the energy market needs to take a long term view.

ATCO agrees with the need for periodic Whole of System Plans. The first Whole of System Plan launched by the State Government on 12 October 2020, outlined four scenarios of future energy use, none of which considered the significant use of gas by residential, commercial and industrial customers. In other jurisdictions, whole of system planning incorporates both electricity and gas. For example, the National Grid (UK) 2020 edition of the Future Energy Scenarios incorporates four scenarios consider different energy sources and applications in 2050 covering electricity, heating (residential and industrial) and transport (EVs and fuel cells). Three of the scenarios reach net zero emissions by 2050 and the one (Steady Progression) provides half of the 2050 energy demand via a blended gas. It is important that any future Whole of System Plans considers gas and its impact on electricity, particularly given the changing sector dynamic and with industry fees being used to offset costs, as proposed in the Consultation Paper.

About ATCO

ATCO has been proudly operating in Australia and providing employment opportunities for almost 60 years. 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 the largest (Mid-West and South-West) gas distribution network in Western Australia, together with two non-regulated gas distribution networks in Albany (LPG) and Kalgoorlie (natural gas), servicing over 760,000 connections through more than 14,000 km of natural gas pipelines and associated infrastructure;
- owns an alternative electricity retailer (Source Energy Co.) in Western Australia that provides cleaner, affordable and innovative energy solutions 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 a number of projects, including the Clean Energy Innovation Hub (an embedded hybrid microgrid system that incorporates renewable solar generation, battery storage, natural gas backup generation and blends green hydrogen produced with natural gas used onsite), are working in collaboration with Fortescue Metals Group to establish a hydrogen refuelling facility at the Hub, and are currently conducting a feasibility study into the development of a commercial scale renewably hydrogen production facility, the Clean Energy Innovation Park; 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 6,500 employees and assets of \$22 billion. ATCO is a diversified holding corporation with investments in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management), Energy infrastructure (electricity generation, transmission and distribution; natural gas transmission, distribution and infrastructure development; energy storage and industrial water solutions; and electricity and natural gas retail sales), Transportation (ports and transportation logistics) and Commercial Real Estate.

If you have any questions or would like to discuss any of these issues further, please contact me or Hugh Smith, General Manager Regulation and Corporate Affairs on 6163 5237.

Yours sincerely



J.D. Patrick Creaghan

Managing Director & Chief Operating Officer