

16 August 2023

Mr Benn Barr
Chief Executive Officer
Australian Energy Market Commission
submitted via website: www.aemc.gov.au
Reference: ERC0362

Dear Mr Barr

Re: Proposed rule changes to harmonise with updated national energy objectives

Thank you for the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) proposed rule changes to harmonise the updated national energy objectives.

ATCO is a diversified energy infrastructure business and has been operating in Australia to provide employment opportunities for over 60 years. Our business interests in Australia include ownership and operation of Western Australia's largest gas distribution network, power stations in Karratha, WA and Osborne, SA, an interest in a 325 MW pumped storage hydro project in Central West New South Wales and hydrogen production.

ATCO recognise our role in reducing emissions and in January 2022 set global environment, social and governance targets to be achieved by 2030. These targets include reducing ATCO's operational and customer emissions, growing its renewable energy footprint and enabling use of renewable fuels.

The introduction of an emissions reduction component into the national energy objectives is an important step for regulated gas network businesses to lower their emissions profile. ATCO supports reflecting this change in the objective into the rules so that the full impact of the objective is realised in the framework. ATCO considers that in making changes to the Rules, the AEMC consider:

- Providing clarity on the application in WA – We note that Western Australia has not adopted the pipeline reforms rule changes at this time. This may require consideration of the WA framework to ensure that the emission objective change to rules 79 and 91 can be fully operationalised; and
- The timing of ATCO's next Access Arrangement for the Mid-West and South West Gas Distribution System in WA, which is due for a final decision by the Economic Regulation Authority in November 2024.

Application of National Gas Rules in WA

It is noted from the paper that the application of National Gas Rules in WA is a consideration for the AEMC. ATCO is of the view that the proposed changes to the rules 79 and 91 contemplated by the AEMC in its consultation paper will apply in Western Australia.

Should the AEMC propose to amend any other rules of the NGR, the application of these rule changes will similarly depend on whether the rules apply in Western Australia and whether the subject matter of the rules falls within the AEMC's rule making powers.

It is important that WA's regulatory framework reflect the policy intention of Energy Ministers in incorporating emission reduction into investment and expenditure decisions.

Effect on upcoming regulatory decisions

ATCO will submit its next Access Arrangement (AA6) proposal to the Economic Regulation Authority (ERA) on 1 September 2023, which will guide gas network operations for the next five years from 2025. Our AA6 proposal includes plans to repurpose our gas network to store and transport renewable gases, and look to enable widespread adoption of these clean energy sources, reduce our carbon footprint and improve energy security.

We expect that the ERA will make their final decision by November 2024 and would like to see the relevant rule changes adopted ahead of this time. Timely adoption of these changes in Western Australia will enable the ERA's Final Decision to give consideration to emissions reduction projects, enable future network investments and further assist the energy transition to net zero.

Should you have any queries or would like to discuss any of these issues further, please contact Kiran Ranbir, Manager Energy Policy and Government Strategy.

Yours sincerely



John Ivulich

Country Chair and Chief Financial Officer