

6 December 2023

Mr Benn Barr
Chief Executive Officer
Australian Energy Market Commission
submitted via website: www.aemc.gov.au
Reference: GRC0069 ERC0362

Dear Mr Barr

Re: Harmonising national gas rules with updated national energy objective

Thank you for the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) draft determination on harmonising the national gas rules with the updated national energy objective.

ATCO's previous submission to the initial consultation paper indicated our support for changes to the rules to reflect the amended national energy objective including an emissions consideration. The introduction of an emissions reduction component into the national energy objectives is an important step for our regulated gas network business to enable it to lower its emissions profile.

In summary, ATCO would like to see the AEMC's final determination incorporate:

- Transitional provisions to remove any uncertainty that the amended rules will apply to ATCO's access arrangement currently under consideration by the Economic Regulation Authority (ERA) for 2025 to 2029
- Alignment between the timing of the application of amended rules with the adoption of the amended national energy objective in WA legislation
- Energy Networks Australia's suggested revised drafting for rules 79 and 91 to remove any potential interpretation that a regulator can only approve expenditure which meets emission reduction targets.

ATCO submitted its proposed Access Arrangement (AA6) for the WA Mid-West and South West Gas Distribution System for 2025 to 2029 to the ERA on 1 September 2023. Our AA6 proposal includes plans to repurpose our gas network to store and transport renewable gases and looks to enable widespread adoption of these clean energy sources, reduce our carbon footprint, and improve energy security.

The ERA have indicated in a recently released issues paper that consideration of these initiatives will be guided by rules of the regulatory framework applicable at the time of key decision points:

"The ERA will apply the relevant regulatory framework at the time of making each of its decisions (draft and final). The ERA will not speculate on whether legislative amendments will occur, nor will it speculate on the timing for such amendments. However, the ERA does intend to assess ATCO's proposal and separately set out the

*ERA's considerations directly related to the possible amendments to the regulatory framework in its draft decision.*¹

The ERA are expected to make a draft decision on our Access Arrangement in April 2024 and a final decision by November 2024. ATCO supports the inclusion of transitional provisions to clarify that the ERA must consider the amended rules in these decisions which will remove any uncertainty on its application. This includes aligning the timing of commencement of the rule change in WA with the timing of National Gas Law changes to accommodate emission reduction in the objective.

Energy Networks Australia raised that the current drafting of rules 79 and 91 may unintentionally constrain expenditure that does not positively contribute to the achievement of emissions reductions targets. It is suggested that the use of less perspective language in reference to emission reduction targets for the drafting of operating and capital expenditure rules will help address the issue. ATCO supports the ENA's suggested revised drafting and encourages the AEMC to consider this revision in its final determination.

About ATCO

ATCO is a global integrated energy, housing, transportation, and infrastructure company and has been operating in Australia for over 60 years. Our Australian footprint includes the ownership and operation of Western Australia's natural gas distribution network, power stations in Karratha, WA and Osborne, SA, as well as the development of renewable and hydrogen assets. We have a long history of partnering with communities and Indigenous groups, energising industries, and delivering customer-focused infrastructure solutions.

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 on 0432 158 656.

Yours sincerely



Hugh Smith
General Manager
Regulatory Strategy, Policy and AA6 Lead

¹ Economic Regulation Authority, Issues Paper - Proposed revisions to the access arrangement for the Mid West and South West gas distribution system, October 2023, p 7