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Mr T Self
Economic Regulation Authority
PO Box 8469
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Email: records@erawa.com.au

Dear Mr Self,

Proposed Access Arrangement for ATCO Gas Australia

On behalf of the Housing Industry Association (HIA) I would like to provide the following comments in relation to the draft Decision by the Economic Regulation Authority (ERA) in response to the proposed ATCO Gas Australia (AGA) Access Arrangement for the fourth period.

It appears that the Decision would have a significant impact on the delivery of natural gas infrastructure for greenfield developments, based on the requirements to reduce both operating and capital expenditure over the access period. Along with other recommended changes, it appears likely that the AGA may be required to either delay or defer construction of new natural gas infrastructure for new developments.

If AGA were to proceed with delivery under the revised arrangements, there is potential that this would lead them to introduce up front infrastructure charges on new developments. To date, this type of cost recovery has not been required in Western Australia and if proposed, would clearly have a direct impact on the construction costs for new residential land and housing projects. These costs would be passed onto new home buyers, rather than amortised over the life of the assets, which would directly affect housing affordability.

Therefore the proposed reduction in investment by AGA will potentially remove the opportunity to connect to natural gas at an affordable level for new home buyers.

Consumer and industry demand for natural gas is strong and we believe it provides an important role for home owners in ensuring they have access to cost effective choices for energy supply in both new, and existing, homes.

Therefore HIA would support a review of the ERA's decision and the consideration of the amendments now put forward by AGA for consideration.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

John Gelavis
Executive Director WA

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