

Mr Tyson Self
Assistant Director, Gas Access
Economic Regulation Authority
Level 4, Albert Facey House,
469 Wellington Street,
Perth WA 6000

Dear Mr Self

RE: Proposed Revised Access Arrangement for the Mid-West and South-West Gas Distribution Systems

Optimal Group Australia is the exclusive Australian distributor for Capstone Turbine Corporation. Capstone manufacture a range of natural gas powered microturbine power generation products from 30KW up to multi-MW. These microturbines can be coupled with heat recovery modules for cogeneration and trigeneration applications.

Cogeneration and trigeneration projects provide the end user with energy in the forms of electricity and heating and/or cooling at higher levels of overall system efficiency than the grid. This can be in excess 80%, which in turn leads to lower cost and lower emissions and a greater diversification in the supply of energy via the gas and electricity networks in WA.

Optimal is actively targeting the high density housing/apartment market which will support opportunities for gas fired cogeneration and trigeneration to offer residents the supply of electricity, heating and cooling in an efficient manner.

As our technology is best matched to having access to reticulated natural gas, Optimal has had significant interactions with ATCO Gas Australia (AGA), with respect to natural gas access for potential cogeneration project sites that are currently under development and evaluation on the South-West Gas Distribution System. As a result, it is critical to Optimal that AGA be in a position to ensure access to reticulated gas is available for new consumers, and is not constrained by Government policy or the ERA Draft Decision that appears to impede access arrangements for connecting the largest number of new customers to the South-West Gas Distribution System.

Without a gas connection the only alternative option for a continuously available supply of energy is via electricity from the South West Interconnected System (SWIS) for uses including water heating. It is well documented that the current Electricity Market Review acknowledges a more efficient generation and supply of electricity on the SWIS is required, and by denying a gas supply to any potential new consumer, that consumer is limited to only being connected to the SWIS. This approach is in contrast to National Gas Objective and the 2010 decision by the Australian Government to begin a phasing out cheaper and inefficient electric hot water systems, in order to boost the uptake of more efficient forms of water heating such as gas.

If gas distribution is not included in developments from day one, it would be very expensive to right this in the future, most likely, so expensive it would never be done. Even the ERA Draft Decision to restrict cost recovery to connections only up to 20m of the network, may have unintended and similar consequences.

I trust that you will consider our submission accordingly.

Yours sincerely,

Les Blackwell
Engineering & Operations Director
Optimal Group Australia Pty Ltd