

12 January 2015

Attention: Tyson Self

Greg Watkinson
Chief Executive Officer
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

Email: publicsubmissions@erawa.com.au

Dear Sir

**Re: SUBMISSION TO THE ECONOMIC REGULATION AUTHORITY (ERA)
PROPOSED REVISED ACCESS ARRANGEMENT FOR THE MID-WEST AND
SOUTH-WEST GAS DISTRIBUTION SYSTEMS**

Peet Limited (Peet) is pleased to make this submission to the ERA in relation to the Draft Decision on Proposed Revisions to the Access Arrangement for the Mid-West and South-West Gas Distribution System (Draft Decision), released by the ERA in October 2014.

Established in 1905, Peet is Australia's largest listed specialist residential land developer with over 200 staff in offices located in Perth, Melbourne and Brisbane. Within WA, Peet controls approximately 19,000 residential lots within 20 active estates (metropolitan & regional) and generates approximately 1,400 land sales per annum.

Peet is familiar with the detailed submission to the ERA in regard to this issue made by the Urban Development Institute of Australia (WA), which represents the urban land development industry, and fully supports the position presented by UDIA (WA) in its submission.

Further, set out below are particular issues / concerns which Peet wishes to highlight:

It is our understanding the capital expenditure to support anticipated growth within new greenfields land development has been significantly cut, potentially restricting gas supply to only customers which already have gas main infrastructure within existing streets. The reduction in capital allowance to the service providers is likely to cause providers to pursue Developer Funded Models for gas reticulation in new greenfield

developments. This outcome would have a number of knock on impacts, not least of which being reduced land affordability. The developer may be forced to pass on the cost of the infrastructure to all consumers regardless of whether individual consumers choose to connect to gas.

If the service providers are forced down a Developer Funded Model path, notwithstanding the issues already raised, the transition would likely slow the gas infrastructure and connection process due to increase in volume of works processes / negotiations to coordinate such a model.

Currently, an expectation exists amongst consumers within new land estates to have the choice of natural gas to services their homes, and invariably gas is being installed in a high percentage of existing developments by the current service provider. The proposed revisions to access arrangements would jeopardise the service where the service provider is unable to fund gas main infrastructure and it is not financially viable for the developer to implement the infrastructure.

Further, the absence of the option of gas within new developments could have an impact on electricity demand, lead to higher energy costs overall for consumers and significantly reduce choice of household appliances such as stoves, heating and hot water services.

Thank you for the opportunity to comment on this issue. Should you require clarification or require any further information, please contact Paul Morgan on 9420 1111.

Yours Sincerely,
PEET LIMITED

PAUL LAKEY
GENERAL MANAGER DEVELOPMENT (WA)