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7 January 2015

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

SolCogen is a recently established Western Australian based company, with plans to establish small to medium scale, natural gas fired cogeneration projects predominantly on the South-West Gas Distribution System.

Such cogeneration projects provide the end user with energy in the forms of electricity and heat, which in many instances are lower in cost than traditional alternatives (i.e. grid power and thermal energy). In addition, as you may appreciate, onsite cogeneration provides the user with an energy efficiency opportunity approaching (or even surpassing in some circumstances) 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.

Both of these benefits would appear to support the aim of the ERA, in promoting an efficient and customer focused economy in energy.

One of the markets SolCogen is actively targeting is the property market, where we believe that higher density housing development will support opportunities for gas fired cogeneration to offer residents the supply of electricity, hot water and possibly space heating in a safe and efficient manner.

As our cogeneration technology is best matched to having access to reticulated natural gas, SolCogen 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 SolCogen 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.

In the absence of a gas connection, it would appear that the only alternative for sourcing 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 or more expensive gas-solar systems, . Further to this in the long term it is in WA's best interest to have as many residents connected to natural gas network as possible as there is no cleaner and more abundant fuel for cooking, space heating and water heating than WA produced Natural Gas.

Finally, based on the adage "get it right the first time", if natural gas reticulation is not installed at the beginning of a new development, then I do not believe it will be at a later date as it will prove prohibitive as a retrofit in terms of cost and local disruption. Even the ERA Draft Decision to restrict cost recovery to connections only up to 20m of the network, may have unintended and similar consequences.

Denying Western Australian's access to reticulated natural gas, a local and abundant fuel source, appears to be a in contradiction to the ERA's stated purpose, of benefitting the WA community by promoting an efficient and customer focused economy.

I trust that you will consider our submission accordingly.

Yours sincerely

Robert Coltrona
Managing Director
