



23 December 2014

Tyson Self
Assistant Director, Gas Access
Economic Regulation Authority
PO Box 8469,
PERTH BC WA 6849
By email publicsubmissions@erawa.com.au

Dear Tyson,

Re: Proposed Revised Access Arrangement for the Mid-West and South-West Gas Distribution Systems - Draft Decision

Thank you for the opportunity to comment on the draft decision regarding revised access arrangements.

As the market leading local manufacturer of water heaters in Australia, Rheem market a wide range of Solar, Heat Pump, high efficiency Gas and Electric water heater models in the domestic water heating market. We have an active new product development schedule and are committed to maintaining our manufacturing footprint in Australia which provides direct and indirect employment to thousands of Australians.

We understand from ATCO Gas Australia (AGA) that the draft ruling of October 14th will impact their ability to finance the gas reticulation of new housing estates for the period of the arrangement. As the leading water heater supplier to the Western Australian market, we are concerned that this may have the impact of reducing the uptake of gas water heaters, limiting the choice of new home owners in these areas to the following options:

- Higher greenhouse emission electric water heaters
- Higher running cost LPG gas water heaters
- Higher upfront cost solar water heaters

As a manufacturer supplying the new home water heater market, we are capable of providing any solution – gas, electric, or solar – and are confident that we will be able to continue to supply the market regardless of the outcome of this review. Our concern, however, is that this decision will result in a limitation of choice for new homeowners, who may want to choose the benefits of reticulated gas water heating over any of the alternatives outlined above, either for cost or environmental reasons.



Whilst the decision does not preclude the roll out of gas reticulation to new estates per se, it does limit the ability of ATCO to fund the activity. Even if developer demand for natural gas is strong enough that its infrastructure needs to be included in new developments, then the only way that this could be funded under the new arrangements is by cost pass through of development costs to new home buyers, presumably reducing new home affordability.

We would therefore encourage the ERA to review the draft decision to ensure that new home owners have as wide a choice of energy types as existing Western Australian homeowners, and are able to choose the product that best suits their particular needs.

If you have further questions relating to this response, I will be absent from the office until 13th January. Upon my return, I can be contacted at Gareth.jennings@rheem.com.au.

Yours sincerely,


Gareth Jennings
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Cc
John Moss, State Manager Rheem Australia
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