

Submission from Stewart Lee

- 1) I was not invited to take part in any of the stakeholder engagement activities organised by ATCO gas and so cannot provide comments as to their suitability.
- 2) ATCO customer research findings are at odds with most other accepted research showing that residents prefer and would choose to replace all gas appliances with electric ones if capital cost and gas disconnection barriers were removed.
- 3) No. Additional expenditure in this way will entrench long term use of assets that customers do not want and which is incompatible with legislated emissions reduction targets.
- 4) It is reasonable to expect that demand for natural gas will decline in Western Australia. Whilst the policy environment surrounding gas connections is less strict than in other jurisdictions, the State's relatively small population and clear signals in other states will lead to a rise in electric-only buildings as a default. Health and environmental factors must be considered alongside cost per unit of energy. Whilst individual replacement of appliances means that electrification in WA is usually more expensive than retaining gas, this is not the case where electric-only is in place during building construction.
- 5) No. Establishing a pipeline of disconnections whereby a user is required to separately request different parts of a disconnection is confusing and unnecessary.
- 6) No. There are serious safety concerns that will arise from such a high fee for permanent disconnections. This high barrier is unaffordable to all but the most determined residents, who will likely pay the fee regardless of how much it is. This will create widespread removal of meters with active gas infrastructure remaining within property boundaries. This unused gas infrastructure will fall into disrepair with little oversight. The cost should be spread across the whole network with a capped fee for permanent disconnection, similar to the regime in place in Victoria. This will ensure that permanently removed gas infrastructure does not continue to pose a safety risk long after disconnection. The ERA should consider implementing a point at which this is revisited so that once disconnection rate ramps up, remaining network owners are protected and costs are incurred by ATCO.
- 10) No. Hydrogen strategies established by Commonwealth, State, and Territory governments have rightly focussed on large-scale hydrogen production for industrial purposes. ATCOs proposal to use hydrogen in the reticulated gas network is not backed by any credible scientific evidence and will make it harder for Western Australia and Australia to reach legislated emissions reduction targets.
- 11) No. As in the rest of the world, electricity will meet most consumer energy needs and renewable hydrogen will meet the needs of sectors that require high heat, or which are otherwise hard to electrify. An over-reliance on hydrogen presents serious economic risks to Western Australia through structurally high energy costs that will drive investment overseas or interstate.
- 12) The ERA needs to consider the whole-of-life cost and scalability of the proposals. It is relatively straightforward to inject 5 or 10% renewable gas into existing reticulated gas infrastructure, but these proposals should not be entertained when, for the most part, this is the extent of what can be achieved without significant and costly upgrades for consumers and taxpayers. The ERA should instead focus on protecting consumers from the inevitable obsolescence of the reticulated gas network and send a clear signal that funding to reduce household emissions is best spent supporting electrification efforts.

13) The different scenarios envisaged are reasonable, but it is not actually clear what underlying assumptions have been made to support the analysis of the scenarios. The analysis that has been presented is not robust and a sensitivity analysis should have been conducted by ATCO prior to making the proposals.

14) Scenario 3 is the most likely. The qualitative and quantitative data available globally demonstrates that increased efficiency combined with electrification represents the best outcome for residents and industry. Gas supply shortages forecast by the Australian Energy Market Operator in the short to medium term will add to this pressure, as households are encouraged to move away from gas to ease supply shortages for hard to electrify industrial energy users. This is the only option available to maintain affordable supply for industrial users without establishing new gas supply, which is not in line with science-based efforts to reduce greenhouse gas emissions. It would be unreasonable to assume any other scenario is likely, as none of the other scenarios have played out in any market around the world irrespective of whether they are tightly regulated or entirely deregulated.