



Media Statement

8 November 2024

Economic conditions push up gas network tariffs

Gas network tariffs will increase by 7.8 per cent each year for the next five years, largely due to the economic environment, under a [decision published today by the Economic Regulation Authority](#) for Australia's largest gas distribution network.

The ERA has published its final decision on the access arrangement for ATCO's Mid-West and South-West Gas Distribution Systems, which delivers gas to more than 800,000 households and businesses across Kalgoorlie, Geraldton and the South-West.

ATCO's network charges make up around 30 per cent of the average household gas bill and are determined through the access arrangement review process every five years.

The forecast increase in the gas network bill for the average residential customer on 1 January 2025 is 7 per cent (in addition to inflation).

The Western Australian Government sets the maximum price that small use customers (residential and small businesses) can be charged. Gas retailers will decide if and when they pass on these network tariff increases to customers that are on competitive or discounted contracts.

ERA Chair Steve Edwell said: "In light of the high-cost environment affecting both households and businesses, we have elected to smooth this tariff increase in five equal, smaller steps over the five years of the access arrangement, rather than in a single step change next year.

For business and industrial customers, the forecast increase in network tariffs on 1 January 2025 is 7.8 per cent (in addition to inflation).

The increase in tariffs is largely driven by the higher rate of return on the value of the network, which is caused by financial market factors like higher inflation and interest rates.

We have also allowed ATCO to increase the speed at which it recovers the investment it has made in the pipeline, through a concept known as accelerated depreciation.

Mr Edwell said that the ERA has allowed \$38.1 million in accelerated depreciation, which has increased the annual tariff by 1 per cent.

"This review has taken place during a period of debate about the future of gas use in Australia, with an escalating community and government focus on reducing carbon emissions," Mr Edwell said.

"We have sought to balance the need for prices to stay as low as possible for current consumers, while allowing ATCO to prepare for the future where, if pipeline use declines, its costs will be shared among a smaller, and possibly more vulnerable, group of users," he said.

Background

The ERA regulates three gas pipeline networks in Western Australia. Every five years, those pipeline operators submit an access arrangement proposal to us for approval.

ATCO submitted its proposal on 1 September 2023, for the access period 1 January 2025 to 31 December 2029.

An access arrangement sets out the terms and conditions, including prices, under which third-party users like gas retailers and large mining operators can access the network to transport and receive gas.

About the ERA

The ERA is Western Australia's independent economic regulator. We aim to benefit all Western Australians by promoting strong economic outcomes through effective regulation and decision making. We strive to make sure current and future consumers pay no more than necessary for safe and reliable utilities.

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