



27 November 2023

Economic Regulation Authority  
Level 4, 469 Wellington Street  
Perth WA 6000

### **ATCO 2025–2029 Access Arrangements Issues Paper Submission**

Thank you for the opportunity to provide a response on the proposed ATCO Access Arrangements through the Issues Paper consultation process.

The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in WA, with members across both private and public sector organisations. Our Vision is for 'Diverse living options in thriving, connected communities', and we strive to support this in working towards our Purpose of 'Great places + Housing choice = Better lives'.

UDIA WA acknowledges climate change as a pressing global issue that presents challenges and opportunities for the development industry. We are committed to working in collaboration with our members and stakeholders to respond to the challenges of climate change, while minimising the impact on housing affordability. Working together, our industry can create climate resilient developments and new and regenerated communities to enable thriving, sustainable places.

Following review of various aspects of the Issues Paper we have some commentary which we trust will assist in certain regards, particularly with respect to residential customer sentiments around the use of natural gas and the development industry's attitudes towards gas reticulation in new developments.

#### **Stakeholder Engagement**

Based on feedback from developers and their consulting engineers, there is still an overall preference within the Perth Metropolitan region to have reticulated gas installed within new land developments. This, in part, comes from the desire of residential customers who want to continue cooking with a flame. This largely aligns with the information provided by ATCO through their consultation process with users.

The other important aspect is the overall cost of using gas as an energy source compared to electricity in the home. Whilst the cost of natural gas supply to homes remains comparatively cheaper as opposed to electricity, particularly for the purposes of hot water heating, there is no denying the fact that changes in technology in this space combined with the ongoing proliferation of rooftop solar PV and increasing rates of household battery system adoption will see consumer attitudes changing through 2029.

If State Government policy settings continues to support the usage of gas, then it is important that ATCO responds to shifting demands from both residential-users and the development industry by



supplying cleaner sources of energy within their network. The key to ongoing demand will be the evolving price difference between electricity and gas (with a renewable component) as decarbonisation continues, distributed energy resources continue to grow and the energy sources (and costs of production) within the Wholesale Energy Market evolve. The price of gas as an energy source is still a key driver for its demand in a residential context and education to the community on the changes being made will be critical.

### **Demand Forecasts**

As noted above, UDIA agrees with the overall view that as at right now, natural gas in the Perth Metropolitan region is still viewed as a cost-effective energy source in homes. Whilst we anticipate that gas reticulation, overall, will continue to be installed in new land developments this may not necessarily equate to ongoing demand from residential customers in the same way as would have been the case during earlier years of the WA Domestic Gas Policy due to an increasing movement towards electrification of households.

Whilst it is unlikely that Western Australia will follow the policy settings of Victoria regarding gas connections being phased out of new developments, at least within the forecasted timeframe, it is important to note that national developers with operations in Western Australia are increasingly considering not including gas reticulation within developments across all of Australia, including Western Australia. Consumer demands and attitudes towards gas appliances and gas more broadly, are shifting, however for cost sensitive buyers on the urban fringe in new land developments, it is likely that gas and appliances that use gas will continue to be in demand whilst the price remains comparatively cheaper than the alternative.

### **Investment in Renewable Gasses**

UDIA is supportive of moves by ATCO to create a cleaner source of energy to provide residential consumers with a range of options and choice when considering the sources of energy and associated appliances they will opt to use in their homes. As noted elsewhere in this submission, there is a shifting sentiment in consumers towards wanting cleaner sources of energy, as evidenced in ATCO's survey data. ATCO's proposal to increase their capabilities in injecting renewables into the system is a positive step for sustainability and choice for consumers in the development industry.

Thank you again for the opportunity to provide feedback on the Issues Paper. If you would like to discuss our responses any further, please do not hesitate to contact us.

Yours sincerely,

Tanya Steinbeck  
**Chief Executive Officer**