PO Box 7182
Cloisters Square WA 6850
Tel: +61 8 6163 5400
atco.com.au

25 November 2026

Gas Network Policy
Energy Policy WA
Department of Energy and Economic Diversification
submitted via gasnetworkpolicy@deed.wa.gov.au

Dear Gas Network Policy team

Re: Gas Access Funding Regulations and Local Provisions

ATCO welcomes the opportunity to comment on the proposed amendments to the Gas Access Funding Regulations and Local Provisions Regulations.

It is accepted that amendments to the cost recovery framework are needed to address changes to regulatory responsibilities. Whilst the paper assumes costs should be passed onto industry in its entirety, there is a basis for the WA Government to share some burden of costs. It is noted that the Australian Energy Regulatory is funded largely by Commonwealth Government appropriations.

Notwithstanding the above, cost recovery should be transparent, proportionate, and cost-reflective, with clear separation between scheme-pipelines, non-scheme pipelines, and Part 18A functions. This is particularly important as the framework expands to support emerging blending services.

ATCO's response to the feedback questions is attached and highlight:

- **Regulatory Asset Base is an appropriate basis for scheme-pipeline cost recovery** - ATCO supports using updated RAB values as the basis for calculating scheme-pipeline standing charges. This approach better reflects the relative scale of regulated infrastructure and is cost-reflective than an equal-share allocation.
- **Greater transparency of Economic Regulation Authority (ERA) costs needed** - ATCO supports the recovery of efficient and directly attributable regulatory costs, but considers greater transparency is needed. The significant increase in scheme-pipeline charges over recent years makes it important for the ERA to publish clear information on expenditure, regulatory functions, cost allocations, and the treatment of costs recovered from non-scheme pipelines.
- **ATCO's in-pipeline blending is not subject to cost recovery** – The Consultation Paper identifies ATCO as operating a blend processing facility. For the avoidance of doubt, ATCO does not operate a blending processing facility. This is because ATCO's hydrogen blending operation is considered "in-pipeline blending" as differentiated by the AEMC's final report on the Review into Extending the Regulatory Frameworks to Hydrogen and Renewable Gases[1].

About ATCO

ATCO is a global integrated energy, housing, transportation, and infrastructure company that has been operating in Australia since 1961. Our Australian footprint includes the ownership and operation of Western Australia's largest natural gas distribution network and power stations in Karratha, WA and

[1] AEMC, *Final Report – Review into Extending the Regulatory Frameworks to Hydrogen and Renewable Gases, 8 September 2022*, p 40, footnote 44

Osborne, SA. We have a long history of partnering with communities and Indigenous groups, energising industries, and delivering customer-focused infrastructure solutions.

Should you have any queries or would like to discuss any of these issues further, please contact Kiran Ranbir, Principal Policy Advocacy on [redacted].



John Stampoulos
Chief Financial Officer

Government of **Western Australia**
Department of **Energy and Economic Diversification**

Stakeholder feedback template

Submission from ATCO

The template below has been developed to enable stakeholders to provide feedback on the proposed amendments to the Economic Regulation Authority (National Gas Access Funding) Regulations 2009 and National Gas Access (WA) (Local Provisions) Regulations 2009 as per the *Proposed changes to the Gas Access Funding Regulations and Local Provisions Regulations: Consultation paper*.

The Department of Energy and Economic Diversification strongly encourage stakeholders to use this template, so that it can have due regard to the views expressed by stakeholders on each issue.

Number	Question	Response
1	Which option (updated RAB values or equal share) best reflects the purpose of standing charges (i.e. funding common administrative oversight across the scheme pipelines) and why?	ATCO supports Option 1, updated Regulated Asset Base (RAB) values. RAB is the best indicator of scale and likely complexity of regulated infrastructure than an equal-share approach. Equal allocation would create material redistribution between pipelines without demonstrating that this reflects regulatory workload or benefit. An interim measure should be applied when a new scheme pipeline enters the framework before a RAB is established. It is suggested that standing charges are re-assessed against updated RAB values at the time a new scheme pipeline is included.
2	Do you agree with the recommended option (Option 2 - Equal share) for allocating costs? Please provide your reasoning.	ATCO does not support Option 2. While administratively simple, equal sharing does not reflect material differences in RAB scale and would lead to

Number	Question	Response
		substantial shifts in charges. Simplicity should not override cost reflectivity and proportionality.
3	Do you agree that the historical 50 per cent cap should not be retained? If you do not agree and consider that the 50 per cent cap should be retained, what policy objective would a cap serve and how should it be calculated and applied?	No comment
4	Do you support the proposed amendments to Schedule 2 of the Gas Access Funding Regulations to enable the recovery of ERA costs associated with the new and expanded regulatory functions under the Gas Pipelines Package from scheme pipelines? If not, how should these costs be recovered?	ATCO supports amendments to Schedule 2 that enable recovery of efficient costs directly attributable to new and expanded ERA functions. However, the amendments should be accompanied by substantially greater transparency on ERA costs, activities, and cost allocations. The consultation paper shows scheme-pipeline standing charges increasing from approximately $1.87 million in 2022–23 to $3.49 million in 2025–26, an increase of around 86 per cent. Stakeholders need clear visibility of the drivers of these increases, including changes in workload, staffing, compliance activity, and overhead allocation. The introduction of cost recovery for non-scheme pipelines must also be considered when setting scheme-pipeline charges. Costs attributable to non-scheme pipeline functions, including disclosure oversight, exemptions, disputes, and compliance activity, should be separately identified and recovered from non-scheme pipeline service providers. Scheme pipelines should not bear costs associated with functions funded through the new non-scheme framework.
5	Do you agree with the recommendation to adopt Model A of the 2020 consultation paper, modified to allocate costs equally across non-scheme pipelines? Please explain your reasoning, including whether you consider the approach to be fair, practical and transparent.	ATCO supports the proposed Model A structure of standing and specific charges, including equal allocation of core standing charges across all non-scheme pipelines. An equal allocation is simple, transparent, and predictable. This approach addresses the equity concerns ATCO had raised in its response to the 2020 consultation on these

Number	Question	Response
		charges and avoids using pipeline length, which is not a reliable indicator of regulatory compliance or enforcement burden. Specific charges should apply where a particular pipeline gives rise to additional work, including exemption applications, variations, compliance matters, or access disputes. This ensures that costs beyond usual administration are recovered from the relevant entity. To provide transparency over costs, it is recommended that information on non-scheme pipeline costs recovered, funded activities, expenditure, and the separation of costs between scheme pipelines, non-scheme pipelines, and Part 18A facilities be published annually.
6	Do you support the proposed amendments to Schedule 2 of the Gas Access Funding Regulations to enable the recovery of ERA costs associated with the new and expanded regulatory functions under the Gas Pipelines Package from non-scheme pipelines? If not, how should these costs be recovered?	Charges to non-scheme pipeline directly attributable to the recovery of ERA costs for new and expanded regulatory functions will largely affect regional customers. ATCO's two non-scheme pipeline networks are in Albany and Kalgoorlie, with plans to progressively close the Albany reticulated network from 2027. While ATCO is supportive of the recovery of some costs, it is considered that the State Government should bear some of the burden to avoid the increased cost on regional customers. Transparency of costs will be needed, and charges should be reasonable, efficient, and not duplicate standing-charge recovery. Specific charges should be detailed and clear estimates provided before undertaking material chargeable work.
7	Do you agree with implementing a cost recovery framework for Part 18A facilities that is consistent with the approach adopted for scheme pipelines and proposed for non-scheme pipelines? If not, please explain your reasons.	No comment

Number	Question	Response
8	Do you agree that the costs of administering Part 18A obligations should be shared equally among Part 18A facilities? If not, what alternative framework and/or cost allocation approach do you consider appropriate, and why?	No comment
9	Do you agree that standing charges should be charged on a quarterly basis? If not, what alternative billing cycle should it be?	No comment
10	Do you have any concerns with aligning the cost allocation percentages of the Local Provisions Regulations with the Gas Access Funding Regulations, should either option be adopted? Please explain your response.	ATCO supports aligning the Local Provisions Regulations with the Gas Access Funding Regulations, provided the underlying allocation methodology is appropriate. If a RAB-based allocation is adopted for scheme-pipeline standing charges, it is reasonable that the WA Arbitrator's core costs follows the same approach. ATCO does not support alignment around an equal-share approach.
11	Do you agree that blend processing facilities should be included in the cost recovery framework for Part 18A facilities? If not, please explain your reasons.	Blend processing services remain at an early stage of development and therefore charges should be minimal and proportionate to this level of industry development. The Consultation Paper identifies ATCO as operating a blend processing facility. For the avoidance of doubt, ATCO does not operate a blending processing facility. It's blending operation is considered "in-pipeline blending" as differentiated by the AEMC's final report on the Review into Extending the Regulatory Frameworks to Hydrogen and Renewable Gases[1]. It does not fall within the definition of blend processing facility and will not be subject to cost recovery.
12	Do you support the proposed amendments to Schedule 2 of the Gas Access Funding Regulations to enable recovery of ERA costs associated with the expanded ring-fencing framework under the	ATCO supports recovery of efficiently incurred, directly attributable costs for ring-fencing functions, including exemptions, variations, and associate-contract approvals.

[1] AEMC, *Final Report – Review into Extending the Regulatory Frameworks to Hydrogen and Renewable Gases, 8 September 2022*, p 40, footnote 44

Number	Question	Response
	Other Gases Package? If not, how should these costs be recovered?	The ring-fencing framework should support, rather than inadvertently constrain, investment in covered-gas infrastructure. Clear guidance, early engagement, and practical compliance pathways need to be prioritised before relying on cost-recoverable interventions. This will reduce unnecessary costs and uncertainty for proponents developing emerging projects.