

7 November 2024

Alisa Toomey
Director
Australian Energy Market Commission
Lodged via submission portal

Dear Ms Toomey,

Re: Better integration of gas into the Integrated System Plan (ISP)

Thank you for the opportunity to respond to the draft determination of AEMC's proposed 'Better integration of gas into the ISP' rule change (GRC0073/ERC0395). It is understood the proponent, the Minister of Energy and Climate, has sought to enhance the current whole-of-system plan by giving more consideration to the important role gas is currently playing in the energy mix.

ATCO broadly supports the AEMC's draft determination on the 'Better integration of Gas into the ISP' and has provided comment below on key issues which include proposed gas development projections, covered gases and gas data procurement and confidentiality.

It is noted that the rule change will not apply in Western Australia, as the ISP does not cover the Wholesale Electricity Market. ATCO encourages Energy Policy WA (EPWA) to incorporate a similar comprehensive gas analysis (incorporating natural gas, biomethane and hydrogen) when they develop their next Whole-of-System Plan.

The key points in this submission are:

- 1. The Draft Determination missed the opportunity for proposed gas development projections to consider the role gas transmission and distribution networks could play in achieving a least cost pathway for the energy transition by making use of existing assets.**
- 2. ATCO supports the Draft Determination including the role that hydrogen and biomethane can play in decarbonising the economy.**
- 3. ATCO supports the Draft Determination streamlining data gathering requirements and maintaining confidentiality for stakeholders.**

Proposed gas development projections and scope

The Draft Determination does not adequately provide for a representative cost-benefit analysis of the trade-off between gas and electricity, specifically considering the role of existing gas transmission and distribution networks. The draft rule does not "...allow for the co-optimisation of electricity and gas"¹

¹ AEMC Draft Rule Determination. "Better integration of gas into ISP". pg 13

and does “...not drive a gas ODP”². ATCO believes that this rule change is a missed opportunity to have the most cost-effective Optimal Development Path (ODP).

An Optimal Development Path established from the fundamentals of reliability, cost and climate goals will maximise benefits from the use of existing and new assets. The Draft Determination details the scope of development projections, which focuses on the ability to procure adequate amounts of economic gas-powered generation. This scope is not truly representative of the energy trilemma that is being faced. Not considering the co-optimisation of gas and electricity, potentially means that the true cost of the energy transition is not being fully investigated, leading to a possible underestimation of the benefits derived from the current utility of gas distribution and transmission networks.

Role covered gases such as biomethane and hydrogen can play in decarbonisation

ATCO supports the Draft Determination providing discretionary power to AEMO to consider the demand and pricing for covered gases such as biomethane and hydrogen. ATCO welcomes this proposal as it will provide the Integrated System Plan with the flexibility to adapt to future energy demands with low/zero emission technologies.

ATCO is a strong advocate for a technology-agnostic, whole-of-system approach to the energy transition. Assessing all energy sources based on all aspects of the energy trilemma (cost, reliability and sustainability) will build a more robust Integrated System Plan.

Accessing gas data and confidentiality

ATCO supports the Draft Determination giving AEMO the power to access gas information already collected under the NGR. It will be beneficial for energy market stakeholders and increase the value of the ISP by integrating further gas analysis whilst minimising administrative burden and upholding confidentiality.

About ATCO

ATCO is a global integrated energy, housing, transportation, and infrastructure company and has been operating in Australia for over 60 years. Our Australian footprint includes the ownership and operation of Western Australia’s largest natural gas distribution network, power stations in Karratha, WA and Osborne, SA, as well as the development of renewable and hydrogen assets. We have a long history of partnering with communities and Indigenous groups, energising industries, and delivering customer-focused infrastructure solutions.

If you have any questions or would like to discuss any of the comments made in this submission, please contact Hugh Smith, Executive General Manager – Strategy & Corporate Affairs at hugh.smith@atco.com or 0459 894 397.

Yours sincerely,



John Iwulich
Chief Executive Officer and Country Chair

² AEMC Draft Rule Determination. “Better integration of gas into ISP. pg14,15