

Division 16: Energy, Mines, Industry Regulation and Safety — Service 5, Energy —

Mr P. Lilburne, Chair.

Mr R.R. Whitby, Minister for Energy.

Mr R. Sellers, Director General.

Mr J. Thomas, Deputy Director General, Coordinator of Energy.

Mr J. Kwong, Chief Finance Officer.

Ms R. Gill, Senior Policy Adviser.

Mr J. Stephens, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard and the daily proof will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 31 May 2024. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the call to the Leader of the Opposition.

Mr R.S. LOVE: I refer to the spending changes on page 234 of budget paper No 2. Can the minister explain the line item PoweringWA? Is this part of the minister's network or is it in one of the many other portfolios in this super department? Is that to do with energy or more to do with something else?

Mr R.R. WHITBY: Yes, PoweringWA is my responsibility. It is about fast-tracking assessment of future low emissions electricity demand and analysis of the network generation of storage infrastructure that will be required to support it. This is about looking at the big challenges we have as a state and providing a road map and a central way of planning for what is ahead for us in Western Australia.

It involves significant investment. PoweringWA was established by my predecessor in November 2023. We want to streamline the development of renewable energy generation and battery storage transmission projects, work with stakeholders across industry and communities and make sure we are taking the right coordinated approach to deliver the new energy system—renewables, transmission and storage—that we need to achieve to decarbonise our network.

[9.00 pm]

Mr R.S. LOVE: The Energy Policy area, prior to PoweringWA, had slowly crept up from 69 full-time equivalents in 2022–23 to 96 in 2023–24. I take it that PoweringWA is already underway and that the ramp-up has happened. How will the performance of those extra people be monitored to ensure that we are getting value for having an extra 35 people onboard—half again as many people as were needed before in the energy policy area?

Mr R.R. WHITBY: It is a bit like the issue we spoke about in an earlier division about the need to be efficient in our planning to deliver outcomes that the state needs without delay. I know that the Leader of the Opposition is very interested in making sure that that happens. PoweringWA is exactly about that. The state has enormous challenges and opportunities ahead, so we want to resource this organisation appropriately to make sure that it delivers on the outcomes. We have proponents out there that want to provide renewable energy and other infrastructure. Making sure that is delivered in a timely way and coordinated well is very important. The coordinator is here. I think he would love to tell the member more about the FTE he has and what they all do.

The CHAIR: Good evening, Mr Thomas.

Mr J. Thomas: Thank you; and thanks, minister. With regard to Energy Policy WA's functions, obviously the energy transition, both gas and electricity, has rapidly expanded over the last couple of years, as has the need to resource that transition. With regard to PoweringWA, we have 14 full-time employees within that unit in Energy Policy WA at present. That happened quickly after the 23 November announcement. The core function of that unit is really to coordinate and engage on things like the social licence challenge of the energy transition so that we take communities on the energy transition and, I guess, to plot the landscape for energy investments needed to ensure that our energy transition happens in an orderly manner and with community support.

Mr R.S. LOVE: When Mr Thomas talked about bringing communities along for the journey, how is that manifesting? I know there is considerable concern in the south west at the moment around, for instance, windmills in the sea and other matters. Can the minister explain exactly what work will be done to bring communities along?

Mr R.R. WHITBY: The member referred to the offshore zone that has been proposed by the federal government. That is a federal government matter, so that is not something that involves the state government. It is the federal government's policy and approach, and it is happening in commonwealth waters. The issue that the coordinator talked about—I do not think anyone could argue with this—is that we need to consult and engage with communities. If anyone proposes to develop anything, they need to be able to let people know what is involved and get their input into the process and their thoughts and engagement. Whether it happens in Perth, the wheatbelt or the midwest, I would have thought that that was a pretty good approach to make sure that people are aware and informed and have the ability to put their views on issues.

Mr R.S. LOVE: Is the Coordinator of Energy a coordinator lieutenant under the Coordinator General, a role that has been established by the Premier's own department? How does that marry in with that other development?

Mr R.R. WHITBY: The coordinator, in terms of the approvals process, is Mr Marney. That is a separate area and a separate responsibility. Maybe Mr Thomas can explain his role.

Mr J. Thomas: The Coordinator of Energy role is a statutory role established under the Energy Coordination Act that has a series of functions in terms of its remit. I guess the majority of the remit is to provide advice to government on all things energy, but it is also the hazard management authority for energy supply disruptions and feeds into the state emergency management processes for all hazards relating to gas, electricity and liquid fuels. Beyond that, the Coordinator of Energy is the senior official for the state, representing the state on commonwealth matters with regard to all things energy.

Mr R.S. LOVE: Is the role limited to energy production that is tied to the domestic market, so to speak, through either the north west interconnected system or the south west interconnected system? If someone were to develop a separate energy system to make hydrogen, for instance, or do some other thing, would that be covered by this role?

Mr R.R. WHITBY: Mr Thomas.

Mr J. Thomas: The Coordinator of Energy's functions really are to oversee the supply of energy to end users, including the transport and production of energy. Where the line ends is largely at things like offshore gas production and even onshore gas production. Oversight of the policy and regulatory arrangements for production, generation, transport and end use by consumers is within the Coordinator of Energy's policy remit. That includes the north west interconnected system, the south west interconnected system and all other off-grid arrangements. The policy and regulatory arrangements are within the Coordinator of Energy's remit in terms of providing advice to government and delivering on those functions.

Dr D.J. HONEY: There seem to be a whole range of new positions. I refer to the spending changes table, which would be a favourite table, on page 234 of budget paper No 2, volume 1, and to the line item "Establishment of a Specialist Gas Network Regulation Team". It is four down in the list of new initiatives. A specialist gas network regulation team is being established for three quarters of a million dollars. We have been running the gas line for a considerable number of decades and it is well controlled and well regulated. I have not heard any issues in relation to that. I assume that this amount relates to three or four FTE. I am just wondering why we require that.

Mr R.R. WHITBY: As the member said, we have committed \$3.1 million in the budget and over the forward estimates to establish a dedicated gas specialist team to provide quality and informed advice to the government on significant and complex energy transitions within Western Australia. We do not stop hearing about issues around the gas market in terms of the tightening of the market, supply and the role of gas as a firming fuel as we continue to decarbonise and plan to transit from coal in 2030, so the role of gas is critical. I think it is a pretty good investment myself to make sure that gas is there to provide that critical role. The gas market is significantly different from the electricity market, so I think we need that select team to be looking at it closely. The Department of Energy, Mines, Industry Regulation and Safety has no gas specialty team. Existing staff do not necessarily have the capability and expertise to deal with the increasingly complex issues they are facing and requests for advice from the state government on gas policy matters. Gas is critical. It is a changing market and a changing landscape. Having this team is a very worthwhile investment. I think Mr Thomas can also elaborate on that.

[9.10 pm]

Mr J. Thomas: Thank you, minister. Energy Policy WA has oversight of the economic regulation of the gas distribution and transmission networks, which in and of itself is going through its own energy transition. I refer to things like the opportunity to blend and transport hydrogen and other potentially renewable gases down the line. The complexity of the economic regulation of gas pipelines has increased over time. It is critical for Energy Policy WA to have the resources to deal with those matters also with commonwealth energy policy matters. Commonwealth

energy policy has started to apply locally in Western Australia over the last couple of years for the first time in a long time. That has a twofold impact on our people and we needed to resource that accordingly.

Dr D.J. HONEY: The Australian Energy Market Operator does the gas statement of opportunities and otherwise ensures that the government is informed about having adequate gas supplies. We also have the Economic Regulation Authority that manages the pricing of gas transport into the south west and the like. We have managed that quite adequately for a long time. I am concerned that we are seeing a number of line items. The old saying is that they are growing like Topsy. Although it is nice to have, I wonder whether they are needed. In particular, I know that ATCO has a small demonstration hydrogen plant, but I am not aware of any proponents that are looking at utilising that network for hydrogen transport. I wonder why we are required to go down this path. It looks like a lot of growth.

Mr R.R. WHITBY: The member mentioned AEMO. As he knows, that is the independent federal agency that regulates the market, and the ERA has its specific responsibilities. This is one of those areas that if we did not make this investment, the member would ask why we had not. As I say, this is an absolutely critical area and a changing area. The role of gas is critical and the market is getting more complex, so we want the best advice possible. I think this return on this investment through being able to plan properly and have the right outcomes for the state is critical. The member said that ATCO is the main commercial gas operator and is not all that into hydrogen. Was that the member's comment? We need a vision of what is ahead. We need to be very brave and anticipate the great changes ahead. There are amazing opportunities for this state and we need to be properly informed and plan properly for the opportunities that are ahead. This is a vital area that we need to be informed about. Does Mr Thomas want to say anything more?

Mr J. Thomas: The economic regulation of pipelines is a function that Energy Policy WA has always had. As the minister noted, AEMO essentially does the supply and demand forecasting and the market operations. The ERA is the regulator and Energy Policy WA is essentially the rule maker, or the rule overseer. We adopted the National Gas Rules and the applied law scheme for all things involving the regulation of gas pipelines. These roles are critical in implementing those rules, including their fit-for-purpose nature for Western Australia because our pipeline arrangements obviously differ from that of the east coast. We need a bespoke team for Energy Policy WA to implement those arrangements in Western Australia.

Ms J.J. SHAW: Given the increasing interplay between electricity markets and gas markets, we are seeing changing behaviours. Pipeline regulation is extraordinarily complex and does not necessarily evolve at the same pace, or perhaps the pace it needs to, to support the energy transition. Is making sure that our gas infrastructure regulation meets the needs of the electricity market a role that this new unit will potentially undertake?

Mr R.R. WHITBY: I thank the member. The member again pointed out the rationale behind this investment and the complexities and importance of getting it right. This is critical to the opportunities that are ahead for Western Australia. As I said, the issue of gas supply and the market is on the front pages of our newspapers virtually every day. If we were not making these investments, I think opposition members would ask us why we were not. The matter the member raised about the interactivity between the two markets is exactly right. The role of gas as a firming fuel is critical to be able to allow more renewables into the system. Gas is the perfect fuel to do that because it can be dialled up and down, as I am sure the member knows. Mr Thomas can elaborate more on the member's question.

Mr J. Thomas: Around 30 per cent of Western Australia's gas use is for electricity generation purposes and the remainder is typically for heavy industry. We acknowledge the existing gas arrangements and how they will need to evolve as we need more gas for electricity generation to fill in the gaps in renewable energy production. The industrial users of gas will plot their own energy transition. Perhaps that will be electrification or perhaps it will be another pathway. Ultimately, we need to manage that carefully so that we have an orderly transition for both the gas and electricity fuel supply.

Ms M. BEARD: I refer to the line item "Electric Vehicle Charging Infrastructure" on page 246. I would like to know how far along the rollout of that program throughout the regions is and how much further it has to go.

Mr R.R. WHITBY: I would love to talk about that. I thank the member. I am chasing my notes on that. I have some good information that is up to date. Was the member's question about the progress of the charging network?

Ms M. BEARD: Is it half done? How many more are there to roll out?

Mr R.R. WHITBY: This comes under another division. It is more of a matter for Synergy, which is where I placed my notes. Can we come back to this in the other division?

Ms M. BEARD: To clarify, is the north west under the division on Horizon Power?

Mr R.R. WHITBY: Which area or town is the member talking about?

Ms M. BEARD: North of Geraldton.

Mr R.R. WHITBY: We will come back to that under Horizon Power.

Ms M. BEARD: What is the process for locating those sites? Does that come under the scope of Horizon Power or is it told where to put the EV chargers?

Mr R.R. WHITBY: I thank the member. That network was decided in consultation with various agencies, including the Department of Transport, which is also playing a key role in the delivery of the network, and the Department of Water and Environmental Regulation. Obviously, the providers in the regions are Horizon Power and Synergy. The network was mapped out to be reasonable and to make sense so that the locations would be in areas that people could get to and charge their vehicle. I think a 200-kilometre gap is generally the aspiration. There was consultation with local government on the location of that infrastructure as well. In addition to that program, grants are available for organisations such as local governments and not-for-profits and other charities for which we do not necessarily say that they have to be on that route, but other communities and towns can seek that funding, and have actually done that as well.

[9.20 pm]

Ms M. BEARD: The minister might be able to direct me to the right space here. I have received numerous questions about an EV charger in the north west because it is seven kilometres north of a roadhouse, in the middle of nowhere, and people are asking why it was put away from facilities like food and accommodation and where it is stinking hot with plenty of flies. Why was it put there? How can I answer that?

Mr R.R. WHITBY: Obviously, when we go about planning this, it is based on common sense. Maybe when we get to the next division for Horizon Power, we will see whether the officials can drill down to reasons we are not aware of. But, in most cases, it makes sense to put a charging station where someone can enjoy a stop, have a meal and have facilities available to them. I am not aware of that particular one, but maybe when we get to Horizon, we can try to drill down to that one.

Ms M. BEARD: If we do not get that far, can I contact Horizon?

Mr R.R. WHITBY: Well, you guys are running the show in terms of the divisions.

Ms M. BEARD: Okay. That is all good. Thank you.

The appropriation was recommended.