

ESPERANCE GAS DISTRIBUTION COMPANY

83. Mrs R.M.J. CLARKE to the Minister for Energy:

I refer to the decision by the private gas network owner and operator the Esperance Gas Distribution Company to stop supplying reticulated gas to its customers. Can the minister update the house on what is being done to maintain the energy supply for the 379 affected homes and businesses in Esperance?

Mr W.J. JOHNSTON replied:

I thank the member for Murray–Wellington for asking this important question; I know her deep commitment to supporting people in the regions.

In September last year, the operators of the gas network in Esperance gave notice that they were going to walk away from their customers down in Esperance from 31 March this year. That was permitted under the licensing arrangement and we are looking at that to make sure that this situation does not arise again and that we ensure that the licences require that it is handed over to another operator before a company can walk away. Unfortunately, that is not the case at the minute, so this company was able to make that decision and walk away from its customers. Please note that it was only in September last year that the company gave us a decision about what it would be doing with its customers down there. There are 379 affected homes and businesses, and 167 of those are Department of Communities houses.

I was pleased to attend a public meeting in Esperance earlier this month to speak about what the plans look like going forward. Horizon Power is now turning its strong focus to the community. The first part of this is that we are paying a considerable amount of money to the company involved, Infrastructure Capital Group, to keep the gas network going for an additional 12 months. That will allow us to work with each individual customer of the gas network, both residential and business, to sort out an alternative energy supply. For most residential customers, that will be electrification—that is, replacing current gas appliances with electric appliances. This will give two advantages to those customers. The first advantage is that they will have a lower cost for their ongoing supply because electricity is cheaper than gas, and the second is that there will be an improved carbon outcome because electricity has a higher renewable content and therefore lower carbon emissions for the same amount of energy. There will be some users for whom this will not be the pathway forward, and we will work with them so that they can make their choice about what their future energy supply will look like. In respect of businesses, we are working with the large users—there are basically four large users—for which electrification is not a realistic option, to make sure that we make the most of the opportunities for change down there.

I am disappointed in the way that ICG has handled this matter. There has been some commentary in the media down there that if we had continued the previous supply arrangement, ICG would have continued the gas supply. I make it clear: there will be a \$10 million saving for Horizon by moving to a new energy provider. Horizon never had any relationship with the supply of gas to any of those customers down there, which we discussed previously in here. I make the point that it would cost \$25 000 per customer per annum if we had continued with the previous arrangement—that is, for those 367 customers to continue to be supplied by ICG under the previous arrangement. An amount of \$25 000 each, per annum, for 20 years would have been the cost to government of maintaining the previous arrangement, and that is clearly not possible.

I particularly want to thank Hon Shelley Payne, a Labor member for the Agricultural Region, who has her office in Esperance and has been helping me to keep in touch with customers. I now urge all gas customers in Esperance to please register their interest through the Horizon Power website, if they have not already done so, so that Horizon Power can work with each individual customer to make sure that there is a proper transition arrangement from this challenging situation that has been created by a privately owned company over which the government has no control.