

Energy WA

Gas Policy

Competitive Gas Markets

Practical Full Retail Contestability

Practical full retail contestability has been in place in the WA gas market since 31 May 2004. This means that all legal and technical requirements are now in place for new gas companies to enter the marketplace, thereby providing retail choice for all gas customers in the State.

Retail Market Schemes

All distribution systems in the State must have a Retail Market Scheme that has been approved by the Economic Regulation Authority, unless the system has only one network operator and one retailer. The network operator and all retailers on a distribution system that requires a Retail Market Scheme must be members of the approved scheme.

Retail Market Schemes enable a retail market administrator to manage the gas market for the relevant distribution system.

- Retail Energy Market Company Limited (REMCo) is the market administrator for the retail market scheme covering the distribution systems operated by WestNet Energy (the Mid-West/South-West Area, Kalgoorlie-Boulder, and Albany). Further information can be found on the REMCo website at www.remco.net.au.
- The distribution systems in Margaret River and Leinster (operated by Wesfarmers Kleenheat), and in Esperance (operated by Burns Roe Worley) are not required to have a Retail Market Scheme.

Selling Gas to Small Use Customers

A retailer must have a gas trading licence to sell gas to small use customers (consuming less than 1 terajoule of gas per year). Further information can be found on the Economic Regulation Authority website at www.era.wa.gov.au.

Customer Protection Mechanisms

Tariff Caps

The Western Australian Government puts a limit on the price that gas companies are allowed to charge to small use customers under a standard form contract. The tariff cap protects small use gas customers from unfair gas prices or large price changes. The retail tariff caps apply to the areas serviced by the WestNet Energy distribution network (the Mid-West/South-West Area, (Kalgoorlie-Boulder, and Albany). The tariff caps do not apply in Margaret River, Leinster, or Esperance.

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Tariff Regulations Review

The Minister for Energy tabled in Parliament a report following a review of the operation and effectiveness of the *Energy Coordination (Gas Tariffs) Regulations 2000* (the “Tariff Regulations”).

The findings of the Review, as detailed in the Review Report, were that there is insufficient competition in the “small use” gas market in Western Australia to warrant the removal of the Tariff Regulations.

The Review Report also concluded that given the limited potential for competition in the short-term, a more detailed study of the level and structure of gas tariffs should be undertaken by an expert consultant engaged by the Office of Energy.

Further information on the Tariff Regulations Review can be found at http://www.energy.wa.gov.au/2/3241/64/gas_tariff_regu.pm.

Gas Tariff Review

The Minister for Energy has commenced the Gas Tariffs Review, which is a detailed study of gas retail tariff arrangements under the Tariff Regulations. The Office of Energy has responsibility for completing the Gas Tariffs Review and preparing recommendations for the Minister’s consideration.

The Office of Energy prepared an Interim Report detailing adjustments to the gas tariff caps under the Tariff Regulations that took effect on 1 July 2008 following endorsement by the Minister for Energy.

Further information on the Tariff Regulations Review can be found at http://www.energy.wa.gov.au/2/3241/64/gas_tariff_regu.pm.

Other Customer Protection Measures

Several other important mechanisms are in place to protect small use customers in the competitive gas market, including:

- the Energy Ombudsman Scheme (for further information, visit the Energy Ombudsman website at www.ombudsman.wa.gov.au/energy);
- the Gas Marketing Code of Conduct;
- regulations for standard form and non-standard contracts; and
- the Supplier of Last Resort scheme.

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