

16 September 2020

Department of Home Affairs
ci.reforms@homeaffairs.gov.au

Submitted via: Submission Form

Dear Sir/Madam

Re: Protecting critical infrastructure and systems of national significance

Thank you for the opportunity to respond to the consultation paper on *Protecting Critical Infrastructure and Systems of National Significance* published on 6 August 2020.

This submission outlines ATCO's response with respect to three questions identified in the consultation paper for input. ATCO has made these comments with consideration to the range of assets within its current and future investment portfolio in Australia and the energy industry in which it mostly operates.

Overall, ATCO considers that:

- the assessment of criticality of infrastructure should consider the broad range of interrelated assets which help to safeguard the network from disruptions built into infrastructure planning processes;
- new obligations will create a proportionally greater burden on smaller assets than larger assets and could potentially lead to higher costs of service passed onto customers; and
- the Critical Infrastructure Centre is best placed to undertake the regulatory role for critical infrastructure.

Our response to selected questions is outlined below:

Question 5. How should criticality be assessed to ensure the most important entities are covered by the framework?

The assessment of "criticality" will be unique to every sector of the economy. In the energy sector, there are a broad range of interrelated assets which help to safeguard the network from disruptions built into infrastructure planning processes. The role of the Australian Energy Market Operator in ensuring system security and controlling network disruptions is central to this process.

ATCO envisages that these interrelationships will bring challenges to identifying the most important entities. ATCO considers that any expansion in the coverage should ensure there is an appropriate balance between the size of the asset and its relationship to other critical infrastructure within its network. Criteria to identify "criticality" will need to incorporate an assessment of interrelationships to help determine the importance of entities using a risk based assessment approach. For example, an asset in the nature of a "single point of failure" (such as single power generation unit serving a community) may be assessed as being "high criticality", whereas if there is sufficient redundancy in

place (standby generator units or network supply options), the asset may be assessed as being “low criticality”.

Question 13. What costs would organisations take on to meet these new obligations?

ATCO fully appreciates the intention of measures to improve the national security of critical infrastructure, but are cautious of the burden this will place on smaller assets within its portfolio.

Any new obligations introduced will require entities to assess their physical, cyber and supply chain security and potentially make additional investments to meet these obligations. The quantum of these obligations in monitoring and reporting will create additional costs to meet the framework, having a proportionally greater burden on smaller assets than larger assets and leading to potentially higher costs of service and consumer bills.

ATCO is also mindful that additional regulatory burdens imposed on industries or sectors can create disincentives for those industries to be treated as critical or for owners to invest in and grow those investments.

Question 17. Who would you consider is best placed to undertake the regulatory role for sectors you are familiar with? Does the regulator already have a security-related regulatory role? What might be the limitations to that organisation taking on the role?

ATCO takes the view that the Critical Infrastructure Centre is best placed to undertake the regulatory role for critical infrastructure. ATCO suggests that collaboration with other relevant sectoral regulators and specialist bodies (for example, economic regulators, such as the Australian Energy Regulator in the case of regulated energy networks, and the Australian Cyber Security Centre in the case of setting technical and compliance standards) will be essential to create an efficient framework, avoid duplication of activities and reduce regulatory and compliance cost burdens.

ATCO appreciates the opportunity to be a part of the consultation process and would welcome further consultation to co-design sector specific security obligations for the energy sector in the future. Should you have any queries in relation to this submission, please contact Simon Byrne, General Counsel on 08 6163 5440.

About ATCO

ATCO has been proudly operating in Australia and providing employment opportunities for almost 60 years. ATCO is a customer-focussed global company that develops, builds, owns and operates a range of energy infrastructure assets, supporting residential, business and commercial consumers. ATCO is committed to investing in its people, innovation and technology to drive leading-edge application-based research.

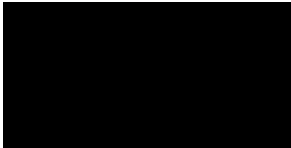
In Australia, ATCO:

- owns and maintains the largest (Mid-West and South-West) gas distribution network in Western Australia, together with two non-regulated gas distribution networks in Albany (LPG) and Kalgoorlie (natural gas), servicing over 760,000 connections through more than 14,000 km of natural gas pipelines and associated infrastructure;
- owns an exempt retailer (Source Energy Co.) in the Wholesale Electricity Market that provides electricity to around 500 embedded network customers in strata developments through a combination of solar photovoltaic systems, grid purchases and battery storage;
- owns and operates two power generation facilities (a joint-owned facility in Adelaide and a wholly-owned facility in Karratha) with a combined capacity of 266 MW;

- is drawing on its established expertise in natural gas to explore the future role of hydrogen through a number of projects, including the Clean Energy Innovation Hub (an embedded hybrid microgrid system that incorporates renewable solar generation, battery storage, natural gas backup generation and blends green hydrogen produced with natural gas used onsite), are working in collaboration with Fortescue Metals Group to establish a hydrogen refuelling facility at the Hub, and are currently conducting a feasibility study into the development of a commercial scale renewably hydrogen production facility, the Clean Energy Innovation Park; and
- manufactures and delivers modular building solutions to a diverse group of customers.

ATCO's Australian businesses are part of the worldwide ATCO Group with approximately 6,500 employees and assets of \$22 billion. ATCO is a diversified holding corporation with investments in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management), Energy infrastructure (electricity generation, transmission and distribution; natural gas transmission, distribution and infrastructure development; energy storage and industrial water solutions; and electricity and natural gas retail sales), Transportation (ports and transportation logistics) and Commercial Real Estate.

Yours sincerely



J.D. Patrick Creaghan

Managing Director & Chief Operating Officer