



Outcomes report Large customers – 30 March 2023

Large users session 1 playback

What we heard	How we have responded
Principles of engagement: Large users value a two-way engagement process where feedback is acknowledged and acted upon. Clarity of purpose in engagement and transparency are also important to large users, wanting to ensure the feedback Jemena is seeking is clear and what the role of large users is to provide it.	<ul style="list-style-type: none">• We will come back to these principles at each session and ensure we hold ourselves to these principles during our engagement with Large users. We expect the same principles from the Large users that engage with us throughout this process.
Reference Service is meeting needs for many Large users: while attendees agree or strongly agree that the current Reference Service meets their needs, a minority are unsure or neutral. Some felt the need for more information. Others felt the future of the energy system needs to be considered. Large users expect Jemena to be continually evolving the Reference Service and engaging in an ongoing way.	<ul style="list-style-type: none">• This feedback is noted and appreciated as we develop the Reference Service.• We are scheduling 1:1s with all Large users so you can give detailed feedback and we can provide more information on the current Reference Service.• We note that the future of energy, and uncertainty, is a key theme in our customer forums and look forward to reporting back to this group as we progress through our customer engagement.
Large users want the detail of topics through session summaries before engagement sessions: Large users had some suggestions to provide more detail before engagement sessions, including a summary of what will be discussed and the role of users in providing feedback.	<ul style="list-style-type: none">• We will look to develop participant packs that can include a summary of the topics to be discussed at engagement sessions and the feedback that will be asked of large users.

This section shows an overall summary of what we heard in the session.
Any questions? Give us feedback at GasNetworks2050@jemena.com.au

Principles of engagement



Large users principles of engagement

In our first activity of the session, we highlighted the core principles of engagement adopted for the Access Arrangement, and Large users suggested these additional points they'd like us to follow throughout our process of engagement.

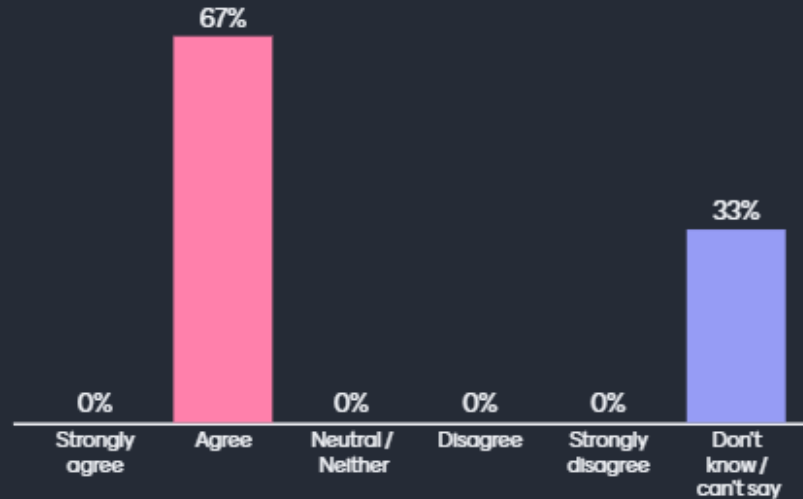
- **Two-way:** Large users value a two-way process of engagement where feedback is acted upon and acknowledged.
- **Forewarned:** Planned engagement with sufficient notices and reminders is highly valuable to large users.
- **Meaningful and focused:** Large users told us they want our engagement with them to be meaningful and focused so they can get the most out of sessions.
- **Transparency and clarity of purpose:** Clarity on the purpose of engagement and transparency in engagement sessions is highly valuable to large users. They want to fully understand their role, Jemena's role and the outcomes we are seeking through engagement and how feedback is incorporated.
- **Open communication and regular updates:** Large users value open communication and want to be updated regularly throughout the engagement process.

Large users
initial
feedback on
the
Reference
Service and
Draft AA
Engagement
Program



When it comes to our current reference services, 67% of attendees* agree or strongly agree that it meets their needs.

Our current reference service is suitable to meet your needs during 2025-30



Q: Our current reference service is suitable to meet your needs during 2025-2030 (N=9)

When asked about any change to the current Reference Service, many large users stated they don't see a need for change. It did raise many questions for exploration on the future of gas and energy transition. See the next two slides for responses.



Is Jemena going to provide a lot more traditionally than it has provided, e.g. renewable gas?

It's what we do together...

What is the hierarchy of gas industry price is affected throughout the supply chain? Where do prices get affected?

Don't see a need to change the current Reference Service, it's meeting needs now and will for 2025-30

What is the role of Jemena when appliances need changing?



Is the issue about the lifespan of pipeline operations and what timelines assets need to financially assessed?

Not sure exactly but I think more transparency is required from the retailers side.



Jemena's responses to questions asked in-session

Question	Answer
Is Jemena going to provide a lot more traditionally than it has provided, e.g. renewable gas?	<ul style="list-style-type: none"> As we are a network provider not a gas producer, Jemena can only do what we're allowed to for customers under the rules set for us by the Australian Energy Regulator. We know customers are seeking cleaner and more renewable sources of energy. Natural Gas has an important role to play while more renewable energy sources are brought online / scaled up (like solar or wind), and other fossil fuel sources are decommissioned (like coal-fired power stations). Gas also plays an important role in securing the system. Natural Gas is also on its own decarbonisation pathway through investments in renewable gas – such as green hydrogen (produced using renewable electricity) and biomethane (produced from biogas sourced from organic waste). We are investing in pilot projects that will blend renewable gas (for example, green hydrogen and biomethane) into our gas network, and we believe that renewable gas can play an important role in a decarbonised energy system. However, the pilot projects are in the early stages, and we don't know exactly when the technology will become scalable.
What is the hierarchy of gas industry price is affected throughout the supply chain? Where do prices get affected?	<p>Gas has seen some price increases over recent years. This affects the retail component of a customer's bill. Generally speaking, gas price changes aren't due to a gas shortage in Australia (we actually produce lots of gas), but are being influenced by:</p> <ul style="list-style-type: none"> Local versus export gas demands: Gas plays an important energy system insurance role and is available when wind, solar, and as we recently saw, coal was unavailable to provide electricity. Because these other sources of electricity generation were unavailable it placed upward pressure on the price of gas, which is used not only to produce electricity but to also power industry and homes. Australia exports the vast majority of its gas overseas. If local demand increases, say due to cold weather, producers can only free up so much extra gas for local households and businesses to use, without breaking export obligations. Global export issues: the Russia / Ukraine war has seen many countries apply sanctions and import bans on Russia. This has caused global increases in the price of commodities, such as gas, because Russia is a major exporter of natural gas. <p>Jemena's role as a network is one part of the supply chain. <i>See the supply chain diagram on the following slide.</i></p>
What is the role of Jemena when appliances need changing?	<ul style="list-style-type: none"> In the context of the energy transition, as Jemena is a distribution network provider, we note appliances are not a deliverable to our customers currently. Currently, gas customers will not need to buy new household appliances any time soon. The gas appliances sold in Australia are designed to operate efficiently and effectively. All certified household gas appliances sold in Australia have done a range of safety tests with levels of up to 13% hydrogen. Your current appliances will also work with biomethane. In the long-term households will need to replace appliances depending on the exact mix of the network. Hydrogen appliances are not on the market in Australia yet. You can watch a YouTube video on a demonstration hydrogen home in the United Kingdom here.
Is the issue about the lifespan of pipeline operations and what timelines for assets need to be financially assessed?	<ul style="list-style-type: none"> We've sought feedback from our Advisory Board (note, there is one large user and two peak bodies from large users that sit on this group) to explore the challenges of the uncertain future role of gas networks including articulating the problem statements in the context of Jemena Gas Networks across three different planning horizons (eg 2025-2030, 2030-2040 and 2040-2050). One of the options we've explored with them is creating optionality through slower paced asset investments and we'll be doing modelling over the next few months to take these to customers.

Your gas bill

•Production

•Gas supplied to consumers in NSW is sourced from domestic gas wells, primarily interstate.



37%

• Transmission • Pipelines

•High pressure pipelines transport gas over long distances, including from interstate.



3%

• Distribution • Pipelines

•Jemena then transports the gas to 1.5 million homes and businesses in NSW.



31%

•Retailer

•Retailers organise these services and manage your account.



29%

•Your Bill

•Your gas bill is made up of fixed supply charges and usage charges to recover these costs.

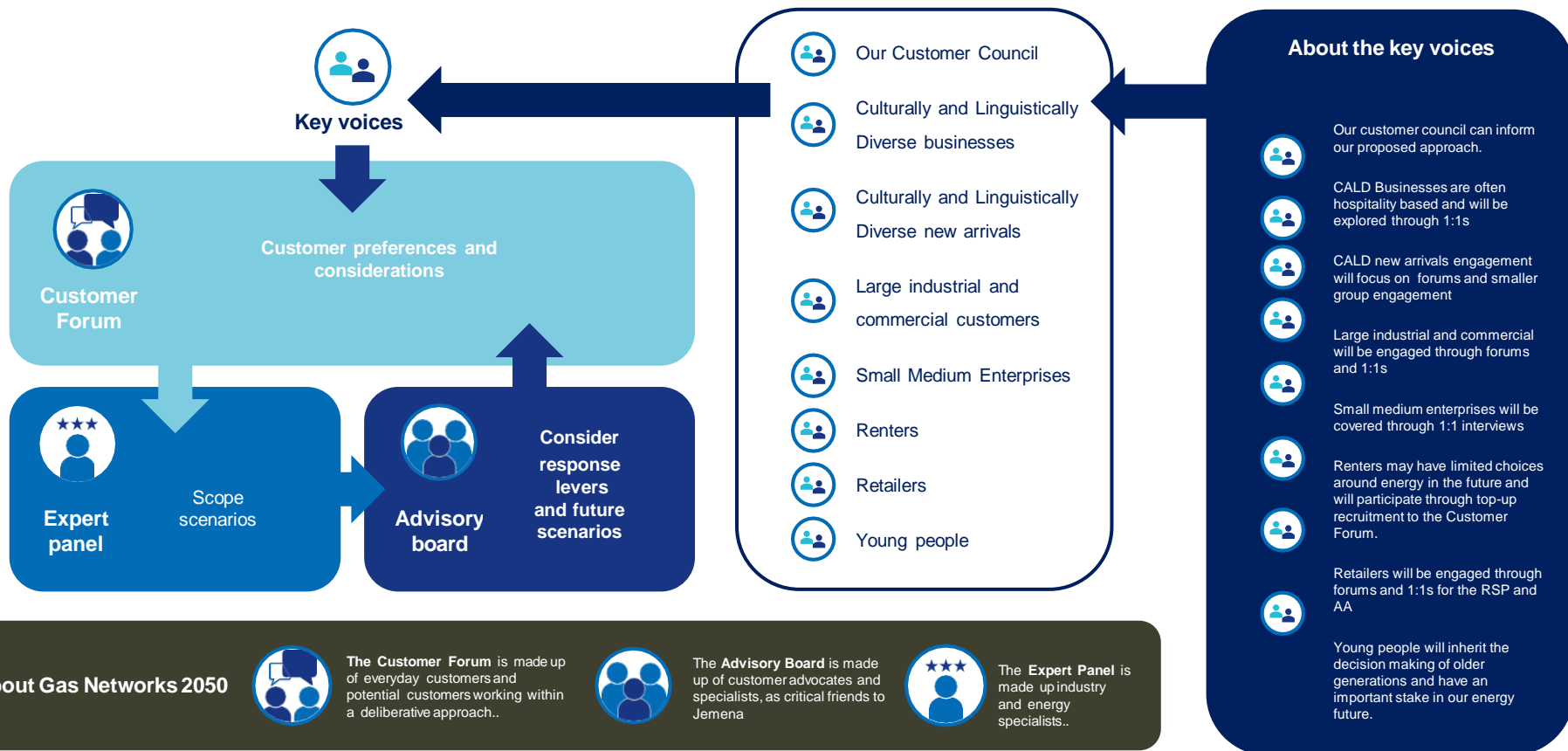


\$801

•Typical annual
•household bill

•* Based on a customer with gas heating, cooking and hot water appliances using 15,000MJ per year.
•Calculated using assumed wholesale price of \$17GJ.

When asked if there's anything missing from our draft engagement program for the AA, Large users felt the engagement plan below met their needs, noting AER involvement will occur throughout.



Session feedback

A hand is shown pointing upwards with the index finger towards a glowing yellow rectangular button. The button has the word 'FEEDBACK' written on it in bold, dark blue, sans-serif capital letters. The background is a blurred bokeh of blue and yellow light.

FEEDBACK

Large users thought the positives of the session were the interactive software (Menti), the levels of participation and the reminders in the lead up to the session to help increase participation.

Interactive
software was
valuable

Good start to the
process

Reminders of meeting
are valuable

Participation was
done well

Thanks for the effort, I
appreciate what is required
to prepare for this session.

Q7: What did we do well today? (N=4)

When asked how we can improve, Large users asked for a summary in advance and for engagement events to be cut to 1 hour.

More detail during
and after the
sessions



Limit to one hour
segment

By sending a
summary



So far so good!



Appendix



Methodology: What we did in the session



Objectives

Our objectives of the day was to get Large users initial thoughts and questions on Jemena Gas Networks Reference Service, and also to understand what they think of the proposed engagement process for the 2025-30 Access Arrangement review.



Attendees

Invitations were sent to 16 attendees with 11 externals attending (see the breakdown on the following page)



Format

The session ran for a total of 1 hour and 20 minutes over Microsoft Teams and divided into three sections. We used interactive online tools Menti to solicit feedback from Large users within the session.



Summary

Section 1: Welcome and Engagement Principles

Our first section was dedicated to an official welcome and an activity on Menti focusing on agreeing on the principles of engagement participants would like us to follow.



Section 2: Context and Q&A

Our second section of the day covered Jemena Gas Networks, sharing the findings of the recent survey with Large users, draft timelines, and detailing what the Reference Service Proposal is and some of our early thinking on this and the engagement for the upcoming Access Arrangement. This information was followed up with a Q&A session where Large users gave their considered feedback via Menti.



Section 3: Next steps

We rounded off the session with a reflection activity on Menti, where participants considered what went well in the session and what we can improve on for next time, ending with an official thank you and close.

Who came? Large users

Attendee	Position	Organisation
Ami Gholami	Energy Manager	CSR
Arnaud Berckmans	Energy Analysis Manager	Brickworks
Davis Ponnudurai	Extrusion Business Manager	Capral
Dennis Vidler	Facilities and Services Manager	Astrazeneca
Grant Rodgers	Manager - Energy & Commodities	Orica
Jeff McHardy	Purchasing Manager	Monroe Springs Aust Pty LTD
Jose Cabello	Engineering, Maintenance & Environment Manager	TAFE NSW
Philip Watts	Head of Procurement Growth and Sustainable Energy	Boral
Saul Milner	Gas Operations Manager	Simec Energy
Sean Prinsloo	S&OP Manager	Molycop
Vasu Nayyar	Accounts Controller	Styrofoam Industries

Who couldn't come? Apologies

Attendee	Position	Organisation
Rob Gannon	Assistant Director	Australian Energy Regulator
Slavko Jovanoski	Director, Reset Coordination, Network Regulation	Australian Energy Regulator
Campbell Thomas	Feedstock and Energy Manager	Qenos
Glen Whitehill	Procurement Manager	Cargill Australia
Jason Zantiotis	Manufacturing Manager	Weathertex Pty Ltd
Kristen James	Cluster Manager	The Y
Nicholas Zarifeh	Manager Hedge book and Trading Development	Snowy Hydro

Jemena attendees and AER observers

Attendee	Position	Organisation
Andre Kersting	Gas Networks Regulation Manager	Jemena
Brad Gee	Key Accounts Manager	Jemena
Catherine Marshall	Evoenergy & Key Accounts Manager	Jemena
LayNa Lim	Senior Regulatory Adviser Jemena Gas Networks	Jemena
Louise Baring	Customer Engagement Lead – Jemena Electricity Regulation	Jemena
Sandra Centofanti	General Manager Customer and Commercial	Jemena
Shaun Reardon	Executive General Manager Networks	Jemena