



Advisory Board

Session 1, 13 October 2022



Welcome

Acknowledgement of Country

We acknowledge the Traditional Owners of the lands upon which we operate and recognise their continuing connection to land, waters, and culture.

We pay our respects to their Elders past, present, and emerging.

Pictured: artwork by Aboriginal artist Chern'ee Sutton from Mount Isa for our Group's Reflect Reconciliation Action Plan



Welcome

01

We are operating in a period of fundamental change and consequent uncertainty.



02

Preparing for the upcoming regulatory period for 2025-2030.



03

We want to understand how best to engage with customers and on what topics / responses.



Your Advisory Board Chair



Rosemary Sinclair AM
CEO
auDA

Your facilitator



Dr Matt Pearce
Partner
KPMG National Lead for Energy & Utilities

Introductions

- **Rosemary Sinclair AM** | Chairperson
- **Aidan Mullan** | Sustainability and Lean Manager, Interface
- **Andrew Richards** | Chief Executive Officer, Energy Users Association of Australia
- **Douglas McCloskey** | Program Director, Energy and Water, Public Interest Advocacy Centre
- **Gavin Dufty, Executive Manager** | Policy and Research, St Vincent de Paul
- **Mary Karras** | Chief Executive Officer, NSW Ethnic Communities Council
- **Natalie Thacker** | Customer from 2020 business plan engagement.
Representing NSW gas residential customers with a focus on Western Sydney
- **Professor Peta Ashworth** | Director, Andrew N. Liveris Academy for Innovation and Leadership, and Chair in Sustainable Energy Futures, The University of Queensland (UQ)
- **Tennant Reed** | Head of Climate, Energy and Environment Policy, Australian Industry Group (AI Group)
- **Victoria Jordan** | Customer from 2020 business plan engagement.
Representing NSW gas residential customers with a regional focus

“Based on your role or experience what are you most interested to explore with this group over the next seven months?”

Agenda for today

Topics we will cover

Section 1: Welcome

Acknowledgement of Country

Introduction & agenda for today

Opening remarks

Scene setting & purpose

Break

Section 2: Advisory Board Co-Design

Reflections from the pre-briefings

Engagement principles and methods for working together

What success looks like

Where to from here?

Section 3: Session wrap-up and close

Feedback and reflection from today's session

Overview of next steps

Duration

5

5

20

10

5

20

25

25

20

10

5

In order to...

- 01** Capture your reflections from the pre-briefings
- 02** Co-design '*how we'll work*' and '*on what*'

Our ask of you



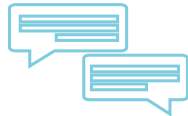
01

Cameras on if possible.



02

When prompted please raise your hand and unmute.



03

Please put any questions you have in the Teams Chat.



04

During discussions, value other participants' contributions.

Reminder: This session is being recorded



Opening remarks

Frank Tudor

Jemena Managing
Director



Overview of gas networks 2050 & the energy transition

Gas Networks 2050 is Jemena's response to the energy transition, and uncertainty for the future role of gas networks. In many scenarios, gas consumption is expected to significantly decline, technologies will change, policy settings for renewable energy transition will evolve and regulatory responses will adapt. Jemena has a clear mission in its strategic plan "Connecting Customers to a Renewable Energy Future". Consumer engagement will influence the direction and pace of transition by Jemena to 2050.

Gas Networks 2050 is made up of:

- Customer engagement
- An Advisory Board
- An Expert Panel
- The role of the Advisory Board and Expert Panel is crucial as scenario planning will guide our thinking and discussions on how we respond and position for the energy transition.

What's on Jemena's mind?



**Future scenarios
(e.g. AEMO's)**



**Customers' and
stakeholders' feedback**



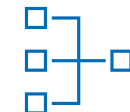
**Experience of other
regulators and networks**



**Our engagement
principles**



**Australian Energy
Regulator's Better
resets handbook**



**Regulating gas
pipelines under
uncertainty**

Rosemary Sinclair AM

Advisory Board
Chair





Setting the scene

Overview of the Advisory Board

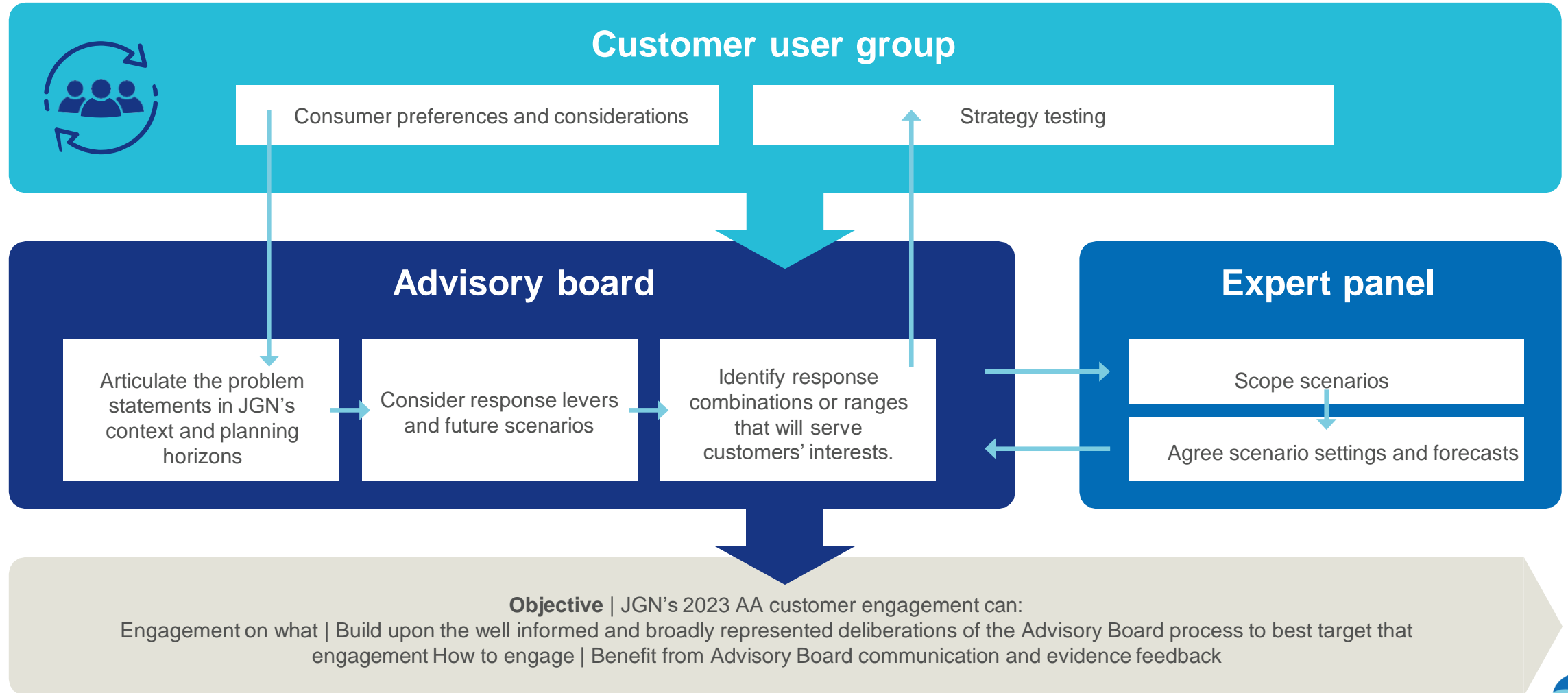
Composed of a **diverse set of stakeholders**, including customer representatives, this Advisory Board has been established to collaborate with Jemena to **explore the challenges** associated with the uncertain future role of gas networks, the implications for different customer groups, and various options which could form **Jemena's 2023 customer strategy**.

You will do this over a **series of 8-10 meetings**, starting today and running through until April next year.

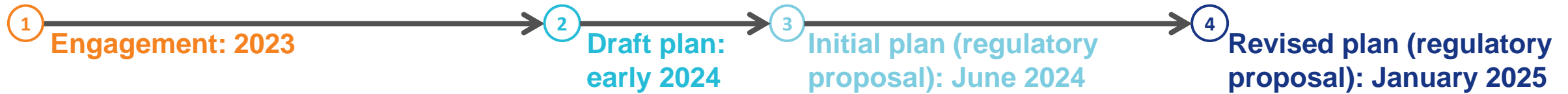
This Advisory Board will function as a source of advice to support, strengthen and shape Jemena's customer engagement approach for their next regulatory submission for **the 2025-2030 period** while maintaining a **long term view out to 2050**.



Broader stakeholder engagement program (cont.)



Broader stakeholder engagement program



To support and inform Jemena's regulatory proposal for 2025-2030, this Advisory Board has been created to inform Jemena's customer engagement approach and business plan development.



Regulating gas pipelines under uncertainty

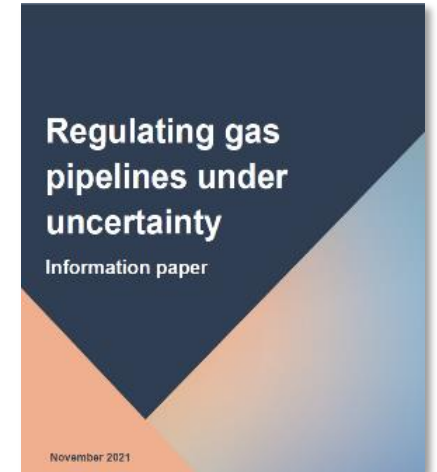
The transformation in the energy system and the explicit policy goals of reaching net zero emissions by 2050 create considerable uncertainties in future gas demand expectations.

Expectations on accelerated depreciation

- Must include plausible future energy scenarios that cover most pessimistic to optimistic outlooks (and to estimate the probability of each scenario).
 - For each scenario:
 - The magnitude of stranded asset risk
 - Possible divestment and investment plans
 - Compelling evidence on elements such as price impacts, which assets can be repurposed for hydrogen, etc.
 - Customer support for proposed action

Expectations on demand forecasts

- Account for climate change policies and demand for natural gas substitutes
- Forecast a range of different demand scenarios, with associated probabilities
- Look well beyond the next regulatory period, and consider several regulatory periods into the future
- Form a view on whether current price levels will be maintained in the future, in the face of different demand scenarios. Test material price changes with customers and include proposed mechanisms for mitigating the consequences.



We must also be prepared to adjust our regulatory approaches given the new circumstances. The AER's focus is to ensure **consumers are better off now and in the future.**



Advisory Board co-design

**Adopting a co-design approach is critical to the making
this a successful and engaging experience for all
members of this Advisory Board**

During this section of today's session, we will work through a set of co-design questions together

1. **What are your reflections from the pre-briefings?**
2. **How will we work together?**
Agreeing a set of guiding principles for the Advisory Board
3. **What does success look like?**
Aligning on the desired outcomes
4. **Where to from here?**
Outlining the agenda for Advisory Board Session 2

Let's start with your reflections from the pre-briefings

20 minutes

What we heard... is there anything missing?

Engagement principles and co-design

- **Clear engagement principles** to ensure everyone has a fair say, incorporating **deliberative engagement** and co-design
- **Pre-reading is essential** to ensure all members are informed and can contribute equally
- Use clear and consistent **terminology**
- Strike the right balance between **technical and non-technical detail**
- Clear **feedback loop** between the Advisory Board and Expert Panel
- Consider **site visits and guest speakers** as an opportunity to build understanding of the network / key topics

Customer focus

- Consider the **flow-on impact to customers** of energy system changes (e.g. the amount and speed of change and associated costs)
- Consider impact of potential responses on different customer groups, including **vulnerable customers**
- Consider how Jemena's **potential responses** could be combined to balance different customers' needs
- Focus on topics **relevant for both Jemena and their customers**

Core challenges for Jemena and the future of gas

- How we frame the **ongoing energy transition** is important in the context of Jemena's customers' challenges
- Focus on supporting the **transition to net-zero by 2050** to inform Jemena's regulatory proposal and engagement with customers/stakeholders
- We will be **flexible as additional challenges/questions arise**

Advisory Board co-design

Question 1: What have you reflected on since your pre-briefing? Do you have any questions or comments you want to raise?

Time: 15 mins

How will we work together?

Agreeing a set of guiding principles for the Advisory Board

How does Jemena characterise their engagement?

Jemena's engagement is clear and tailored towards the issues that matter to their customers, with principles informed by the IAP2 spectrum:



Adaptive



Inclusive



Purposeful



Measurable



Authentic



Transparent

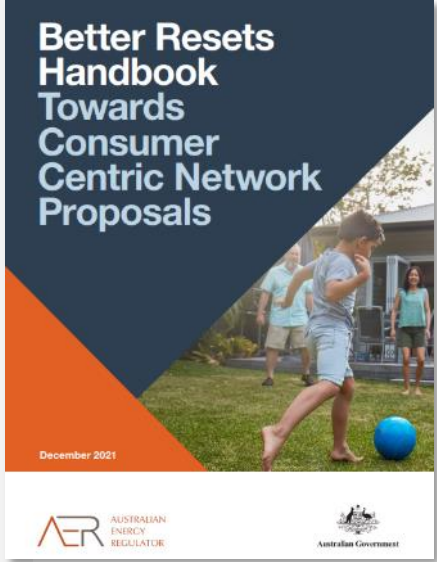


Collaborative

Changing expectations for customer engagement

We know the regulator is looking for sincere, genuine and meaningful engagement. Released in December 2021 to replace its Consumer Engagement Guideline, the Better Resets Handbook: Towards Consumer Centric Network Proposals describes the AER's changing expectations around customer engagement.

SINCERE	GENUINE	MEANINGFUL
<ul style="list-style-type: none">• Sincerely engage with consumers to understand and reflect their preferences in regulatory proposals.• Sincere engagement requires openness to new ideas and a willingness to change.• Ensuring consumer confidence by alleviating and managing any concerns or conflicts.	<ul style="list-style-type: none">• Consideration of representation across all customer cohorts and tailoring engagement approaches for inclusion.• Gaining consumer perspectives and providing them the confidence that they are being heard.• Protecting customer priorities through maintaining an understanding of the broader geopolitical and technological trends.	<ul style="list-style-type: none">• To ensure that consumers are equipped, supported and informed to meaningfully participate.• Providing engagements that are pragmatic and creative according to the customer base.• Continuity of engagement with consumers about outcomes that matter to them.



Lessons learned on the importance of customer engagement

Factors to consider

01 Show the feedback loop

Clearly show the connection between the Advisory Board, Expert Panel and key outcomes for Jemena's regulatory proposal. Highlight the importance of the customer voice and its influence on decision-making.

02 Regularly synthesise findings

Allow the Advisory Board to pivot and address areas of relevance for Jemena – engage effectively and don't hold insights to the end.

03 Work as a team

Collaborative design produces collaborative outcomes – alignment of purpose and working as one team across the various sessions ensures better outcomes for all.

04 Build in flexibility

Recognise that changes may be required (especially based on engagement insights), and create activities which allow participants to direct discussion towards their areas of interest, be agile and iterate where possible.

05 The importance of engaging the broader stakeholder cohort

Including customer and stakeholder participants selected based on broad representation, and based on their experience and expertise, covering a diverse range of views and to ensure the mix of stakeholders is appropriate.

What engagement principles are important to you?

Some of the principles we heard during the briefings...



Deliberative engagement | Building upon the well informed and broadly represented deliberations of the Advisory Board process on key ways to transition to Gas 2050



Effective engagement | Benefitting from the communication and evidence feedback obtained from the Advisory Board process

Let's build on these now...

**Question 2: What engagement principles
are important to you?**

Time: 20 mins

What does success look like?

Aligning on the desired outcomes

What does success look like for Jemena?



01

Agreeing on one or more problem statements



02

Identifying key response areas and preferences within these



03

Getting your guidance on how to communicate these with customers

Question 3: What does success look and feel like to you?

Time: 20 mins

Where to from here?

Outlining the agenda for Advisory Board Session 2

Where to from here – Advisory Board Session 2

Advisory Board session 2 is on 28 October.

This session will be 3 hours long.

Draft session purpose: Defining the challenge

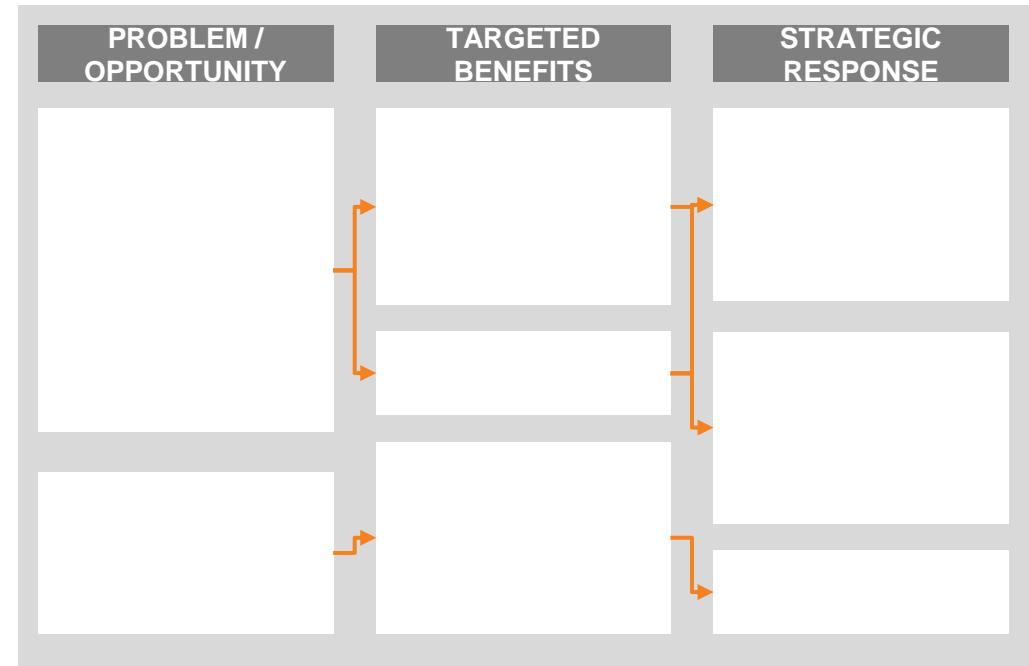
- **Unpacking the problem and opportunity in depth**
 - Defining the problem and opportunity together using Logic Mapping
- **Advisory Board co-design**
 - Where to from here – deep dive topics and discuss upcoming sessions 3-5
 - What information we think we'll need and what are we already preparing (including introducing the roles of scenarios and modelling)

Introducing Logic Mapping as our framework

Logic Mapping is a technique to visually illustrate the underpinning logic of an identified problem.

The benefits of using a Logic Mapping include:

- Supporting the development of a particular strategy or investment through a logical structure
- Addressing the numerous strategic interventions and possible solutions to a core problem
- Visually demonstrating structured problem-solving and generated solutions



Building the problem statement(s)

We will build on the problem statement(s) in our future Advisory Board sessions...

Things to consider as we do this:

- How are **different customers** affected?
- In what **time horizons** are customers affected?
- What time horizons do our **responses need to start**, and is transition needed?

We have started to populate a draft Logic Map based on early thinking and comments captured in the pre-briefings...

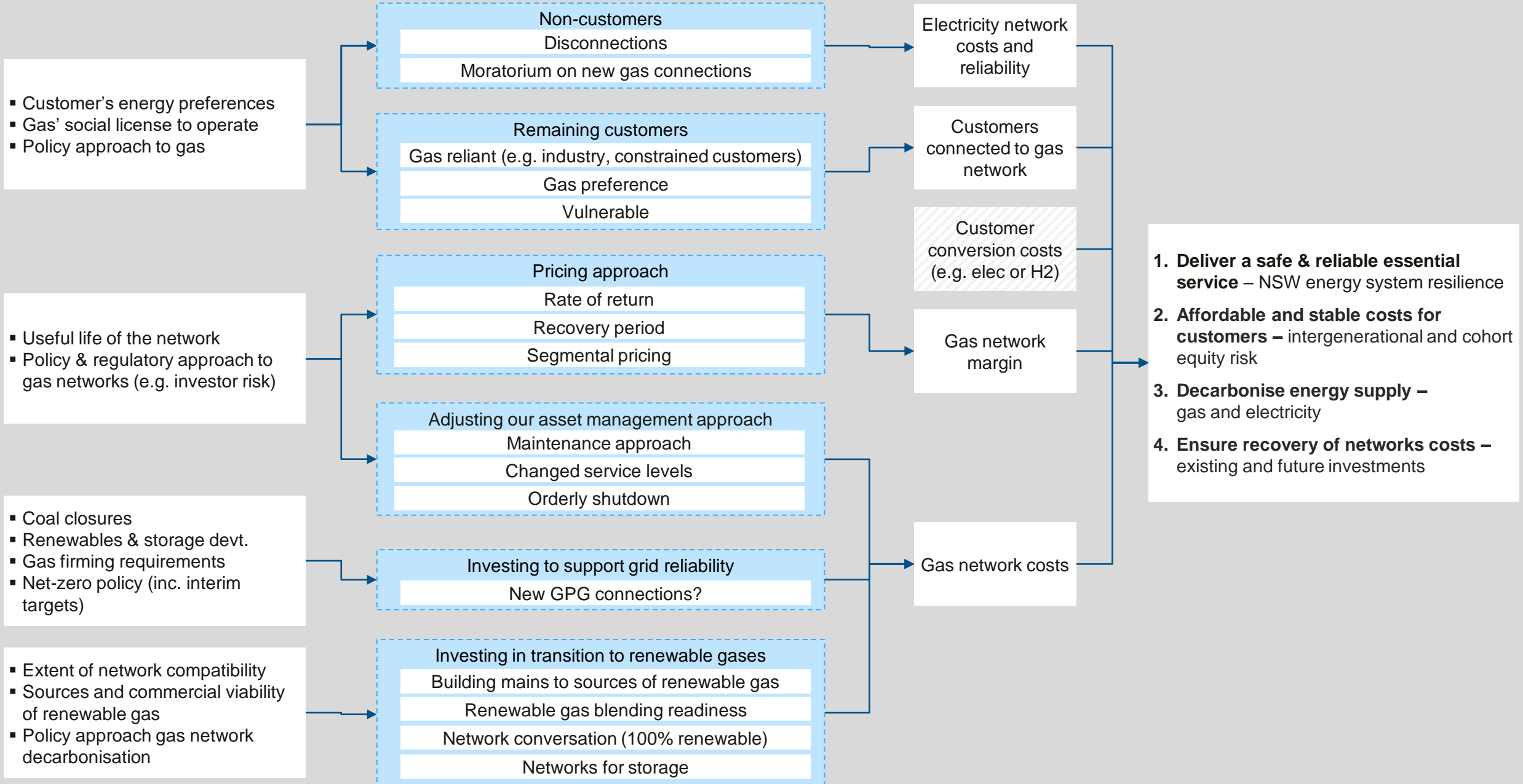
In session 2, we want to workshop this with you so you can take ownership of the problem and opportunity statement(s)

TRENDS & UNCERTAINTIES

DRIVERS

OUTCOMES

TARGETED BENEFITS



Where to from here – Advisory Board Session 2

**Question 5: What would you like to cover
in the upcoming agendas?**

Time: 20 mins



Session wrap-up and close

**“ How did you find
today’s session?**

Overview of next steps

- 01** A workshop record will be produced
- 02** Feedback from today will be used to shape agenda for Advisory Board Session 2

Thank you

Please contact us if something comes up, you didn't get a chance to raise an issue, or you just don't feel heard.

Dr Matt Pearce
KPMG Partner
National Sector Lead, Power & Utilities

Ana Dijanosic
General Manager Regulation
Jemena