



Advisory Board

Session 2 Pre-reading

Agenda for 28 October

Topics we will cover

Section 1: Welcome

Acknowledgement of Country

Introduction & agenda for today

Reflections from Session 1

Section 2: Unpacking the problem and opportunity

Initial logic map: Here's what we heard from you

Guest speaker: Cameron Tonkinwise

Stress test and build the logic map together: problem and opportunity statement

Rosemary's playback: Summarising the problem statements

Break

Section 3: Advisory Board Co-Design

Jemena's range of possible responses

Where to from here: Advisory Board Sessions 3-5

Section 4: Session wrap-up and close

Feedback and reflection from today's session

Duration

5

5

25

5

30

50

5

5

10

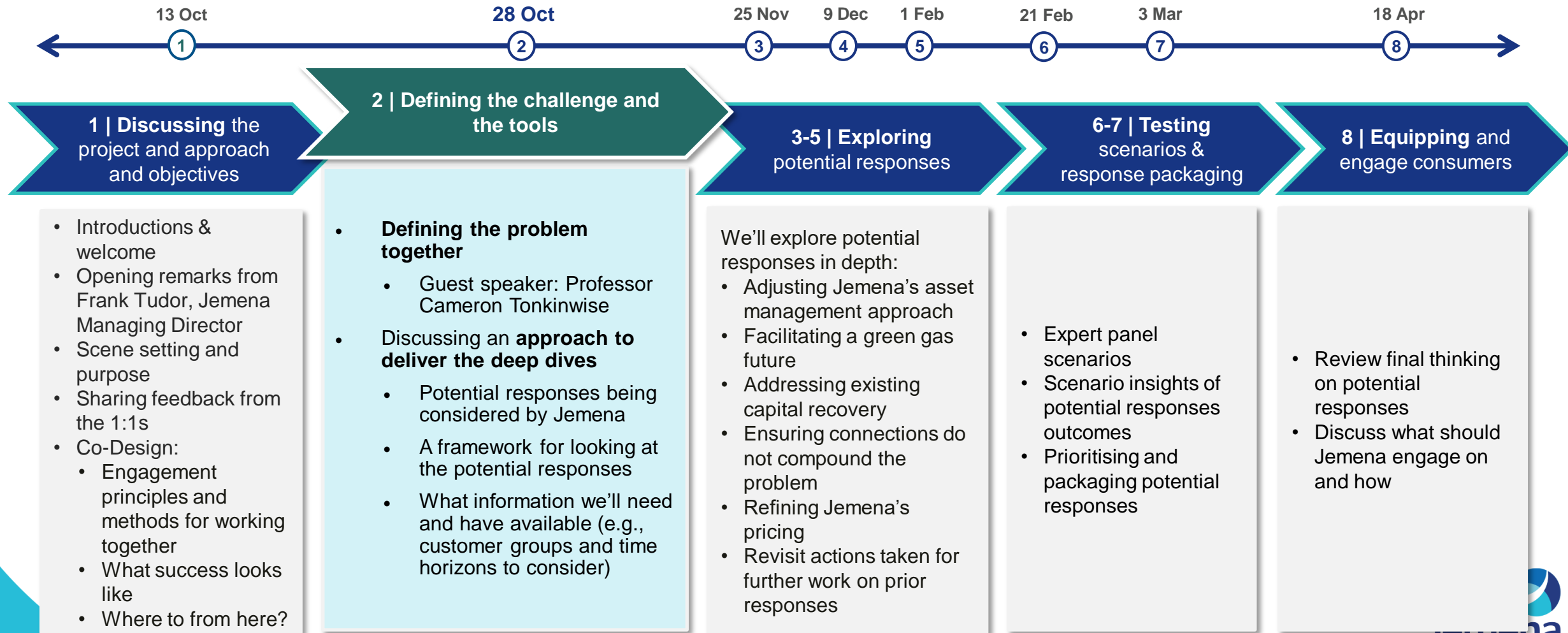
35

5

In order to...

- 01** Agree a working version of the problem statement(s)
- 02** Agree an approach to deliver the deep dives, including:
 - a. List and order of response areas to consider
 - b. Outline an approach for sharing info in deep dives
 - c. Nominate the customer groups and time horizons to consider

Advisory Board series overview



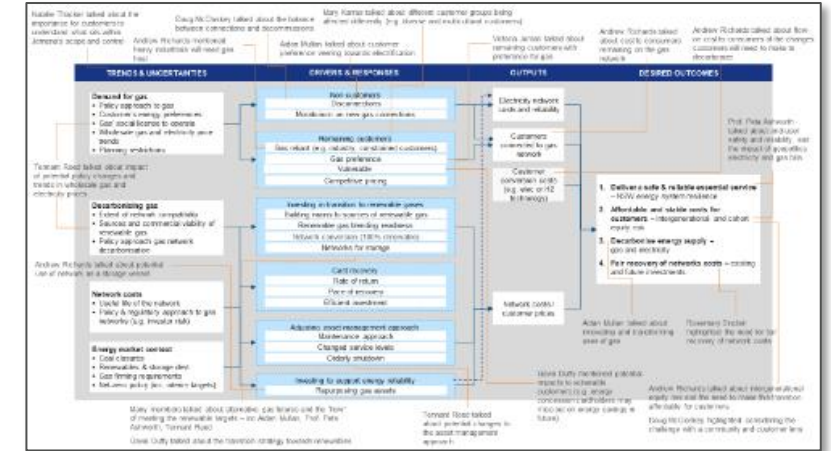
Draft logic map

How this draft logic map was developed

- This draft version was developed from key comments on ‘the challenge’ we heard during the Advisory Board pre-briefings
- It is an iterative document that has been built upon by the facilitation team and the Jemena project team

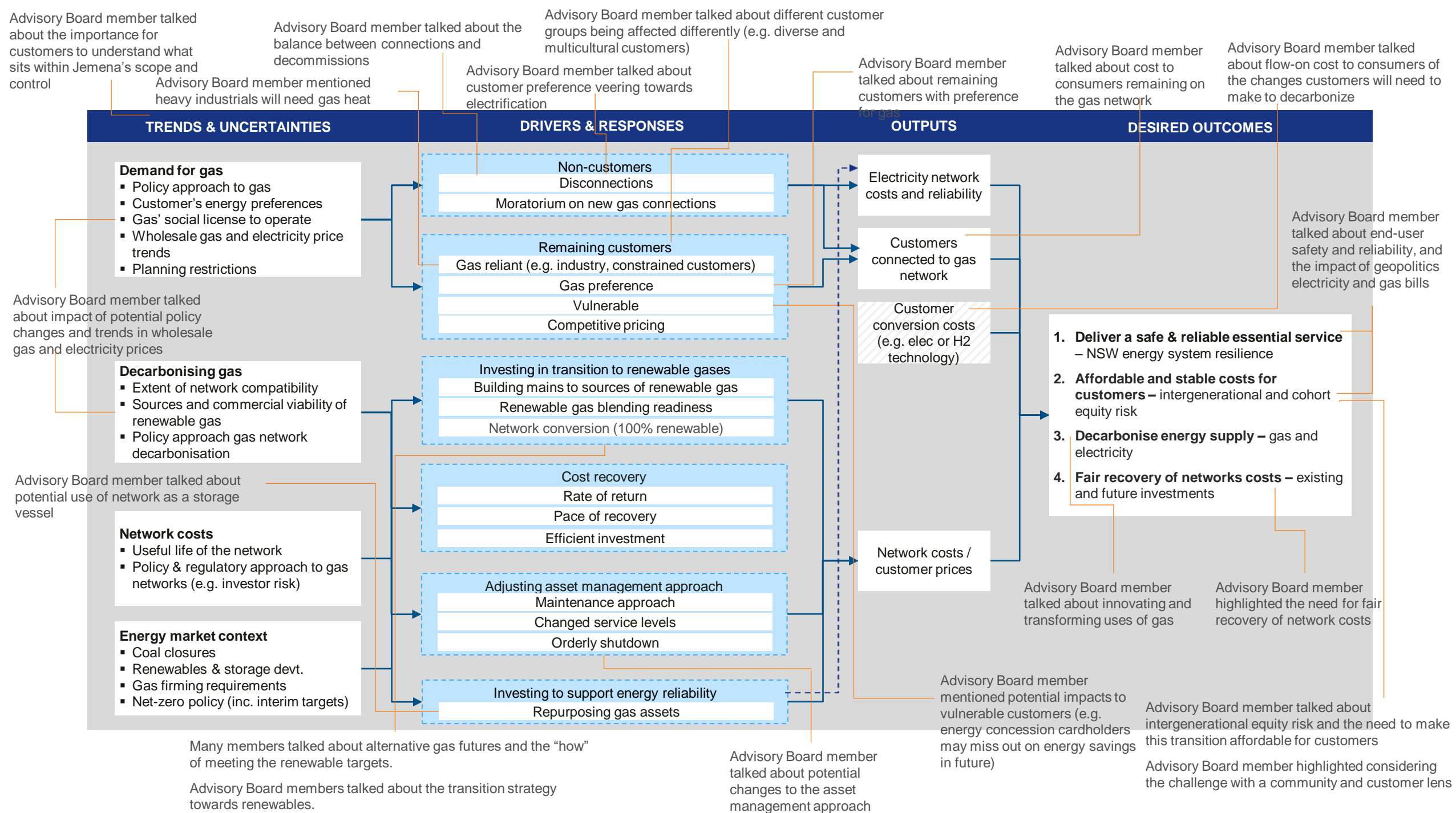
What is included in this pre-reading are two versions:

- one which draws out references to comments from the Advisory Board pre-briefings, and
- one which Jemena has colour-coded in **green** to show what its within its areas of influence (to varying extents)



How this will be used in Session 2 on 28 October

- This draft logic map will be used in Section 2 of the agenda, as a tool to unpack the problem / opportunity
- In Section 3, the Advisory Board may be able to use the desired outcomes to help identify any criteria it wants Jemena to consider when assessing response options in the deep dives



TRENDS & UNCERTAINTIES

DRIVERS & RESPONSES

OUTPUTS

DESIRED OUTCOMES

Demand for gas

- Policy approach to gas
- Customer's energy preferences
- Gas' social license to operate
- Wholesale gas and electricity price trends
- Planning restrictions

Decarbonising gas

- Extent of network compatibility
- Sources and commercial viability of renewable gas
- Policy approach gas network decarbonisation

Network costs

- Useful life of the network
- Policy & regulatory approach to gas networks (e.g. investor risk)

Energy market context

- Coal closures
- Renewables & storage devt.
- Gas firming requirements
- Net-zero policy (inc. interim targets)

Non-customers

Disconnections

Moratorium on new gas connections

Remaining customers

Gas reliant (e.g. industry, constrained customers)

Gas preference

Vulnerable

Competitive pricing

Investing in transition to renewable gases

Building mains to sources of renewable gas

Renewable gas blending readiness

Network conversion (100% renewable)

Cost recovery

Rate of return

Pace of recovery

Efficient investment

Adjusting asset management approach

Maintenance approach

Changed service levels

Orderly shutdown

Investing to support energy reliability

Repurposing gas assets

Electricity network costs and reliability

Customers connected to gas network

Customer conversion costs (e.g. elec or H2 technology)

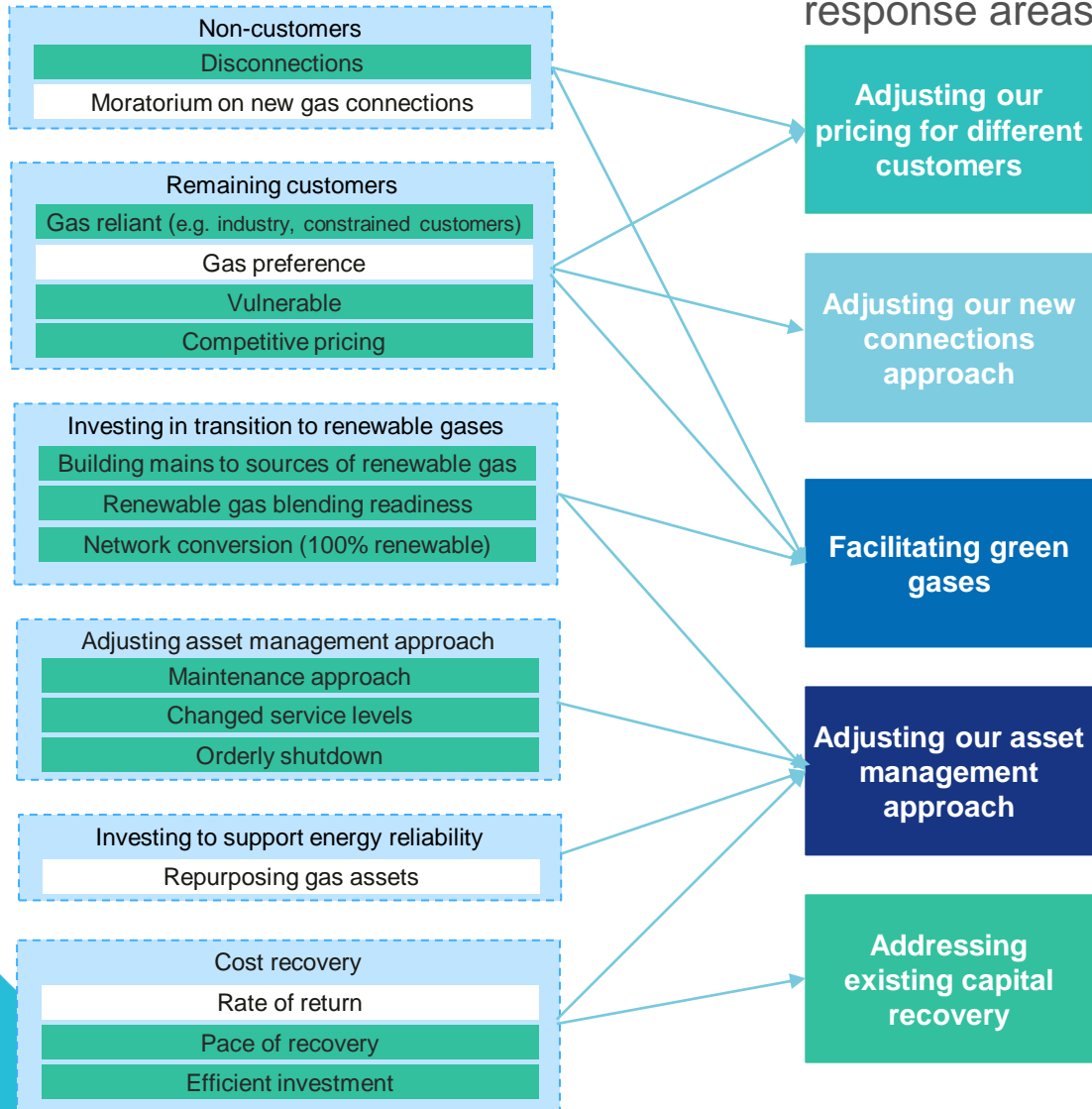
Network costs / customer prices

1. **Deliver a safe & reliable essential service** – NSW energy system resilience
2. **Affordable and stable costs for customers** – intergenerational and cohort equity risk
3. **Decarbonise energy supply** – gas and electricity
4. **Fair recovery of networks costs** – existing and future investments

Potential response areas

Identified drivers & responses

Potential Jemena response areas



How these potential response areas were developed

- These were developed by Jemena to demonstrate the *range* of potential response areas it can act upon and is already exploring
- Jemena has also cross-checked how well these cover the breadth of drivers and responses identified in the logic map

How this will be used in **agenda Section 3** on 28 October

- These potential response areas will be tested with you and used in agenda Section 3 as an input into planning the deep dives in Sessions 3 – 5
- During the session, the Advisory Board will consider:
 - the coverage and order of response areas
 - what information you would like to support the deep dives
 - what level of detail you would like to explore
 - what customer groups and time horizons should be considered
 - any criteria for testing possible responses.

Potential response areas

How these potential response areas were developed

- These were developed by Jemena to demonstrate the *range* of potential response areas it can act upon and is already exploring how to do so

How this will be used in Session 2 on 28 October

- These potential response areas will be used in Section 3 of the agenda, as an input into the agenda for the deep dives in Sessions 3 – 5
- During the session, the Advisory Board will consider:
 - what information you would like to support these deep dives
 - what level of detail you would like to explore them
 - what customer groups and time horizons should be considered
 - any criteria for testing possible responses.

Potential response areas				
Adjusting our asset management approach	Facilitating green gases	Addressing existing capital recovery	Adjusting our new connections approach	Adjusting our pricing for different customers
<ul style="list-style-type: none">• How long should we maintain and operate our assets to service customers?• How big should our asset be in future (scale and locations)?• How fast should we be investing to prepare for green gasses?	<p>Should our focus be:</p> <ul style="list-style-type: none">• to just enable green gas connection or network, or• to actively grow the market for green gasses through marketing and building green gas demand?	<ul style="list-style-type: none">• How long do most customers want to be using our asset, and therefore over what horizon should we recover our investment?• If we risk not recovering it, how should we be compensated for that risk?	<ul style="list-style-type: none">• How should we balance supporting connections growth and not exacerbating capital recovery challenges?• Should renewable connections be funded by the customer-base to support transition?	<p>The more we segment our customers the more we can target our pricing to support competitive gas prices for different customers.</p> <p>Should we be doing more of this targeting than we do now?</p>

Potential response areas

Adjusting our asset management approach

- How long should we maintain and operate our assets to service customers?
- How big should our asset be in future (scale and locations)?
- How fast should we be investing to prepare for green gasses?

Facilitating green gases

Should our focus be:

- to just enable green gas connection or network, or
- to actively grow the market for green gasses through marketing and building green gas demand?

Addressing existing capital recovery

- How long do most customers want to be using our asset, and therefore over what horizon should we recover our investment?
- If we risk not recovering it, how should we be compensated for that risk?

Adjusting our new connections approach

- How should we balance supporting connections growth and not exacerbating capital recovery challenges?
- Should renewable connections be funded by the customer-base to support transition?

Adjusting our pricing for different customers

The more we segment our customers the more we can target our pricing to support competitive gas prices for different customers.

Should we be doing more of this targeting than we do now?