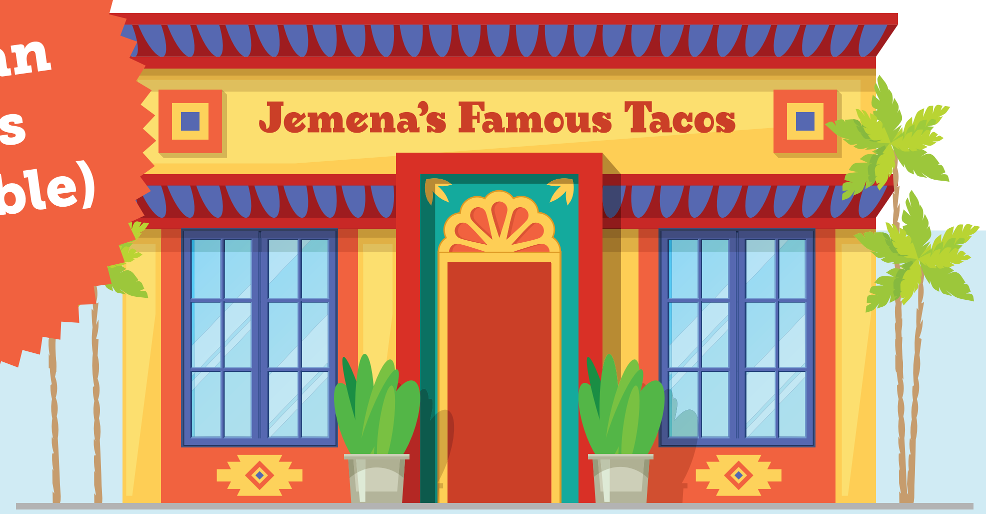
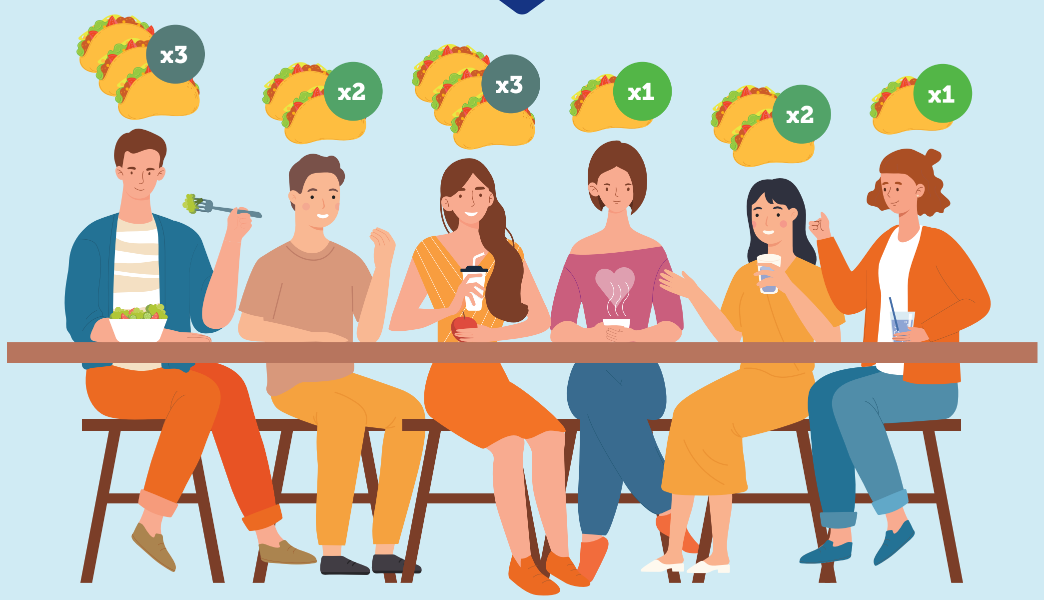
All you can eat tacos ($100 a table)

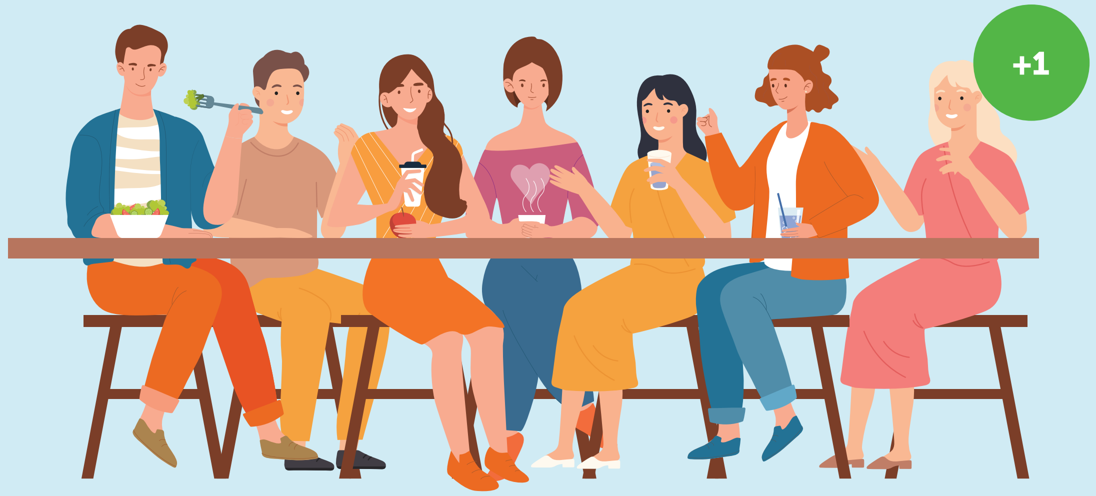


What is the fair arrangement?



1. Split the bill -$20 each
2. Pay by taco - $10 a taco
3. Penalise the unhealthy – Each taco you consume costs more
4. Encourage more tacos – Each taco you consume costs less

Should the restaurant be able to charge more if someone turns up?



Should the restaurant offer up a discount for a no-show?

The Regulator (the AER) sets the rules on how Jemena can earn its revenue.

They can earn profits in two ways, through either:

		Less customers	More customers
Revenue cap	**A revenue cap –** Jemena can earn up until a set amount across the five years. If less customers are using gas, Jemena can put the prices up so it still gets the amount that the regulator said it could get. Customers 'bear the risk' (that is, they pay more) if less customers use gas over the next five years. If there are more customers, Jemena still can't earn more than the revenue cap.		
Price cap	**A price cap –** prices are set, and if less customers use gas then Jemena doesn't get as much money. Jemena 'bears the risk' (that is, they receive less money) if less customers use gas over the next five years. If there are more customers, Jemena keeps these profits.		

OR

Combination of both

Hybrid approach - customer and Jemena share the risk

Which of these is in the best interests of customers?

No one knows what the best form of control would be, for the next five years and beyond. It is hard, because no-one knows what will happen – will gas be phased out quickly, will customers move away from gas to electricity, or will new forms of 'green gas' mean that customers will stay and maybe even grow?

The energy environment is rapidly changing because of net zero targets

Electricity **Hydrogen** **Wind** **Gas**

Solar **Biomethane** **Batteries**

The gas network is paid for by all customers that use it

Tariffs (how gas is priced) need to pay for the existing network, and pay for the network in the future

The challenge – what is in the best interests of customers in how gas is priced FOR THE NEXT FIVE YEARS?

Who should bear the risk of less customers?

What if lots of customers move away from gas over the next five years?

Is it appropriate that Jemena encourages gas use by charging less the more you use?