

# Gas Access Arrangement 2025- 30

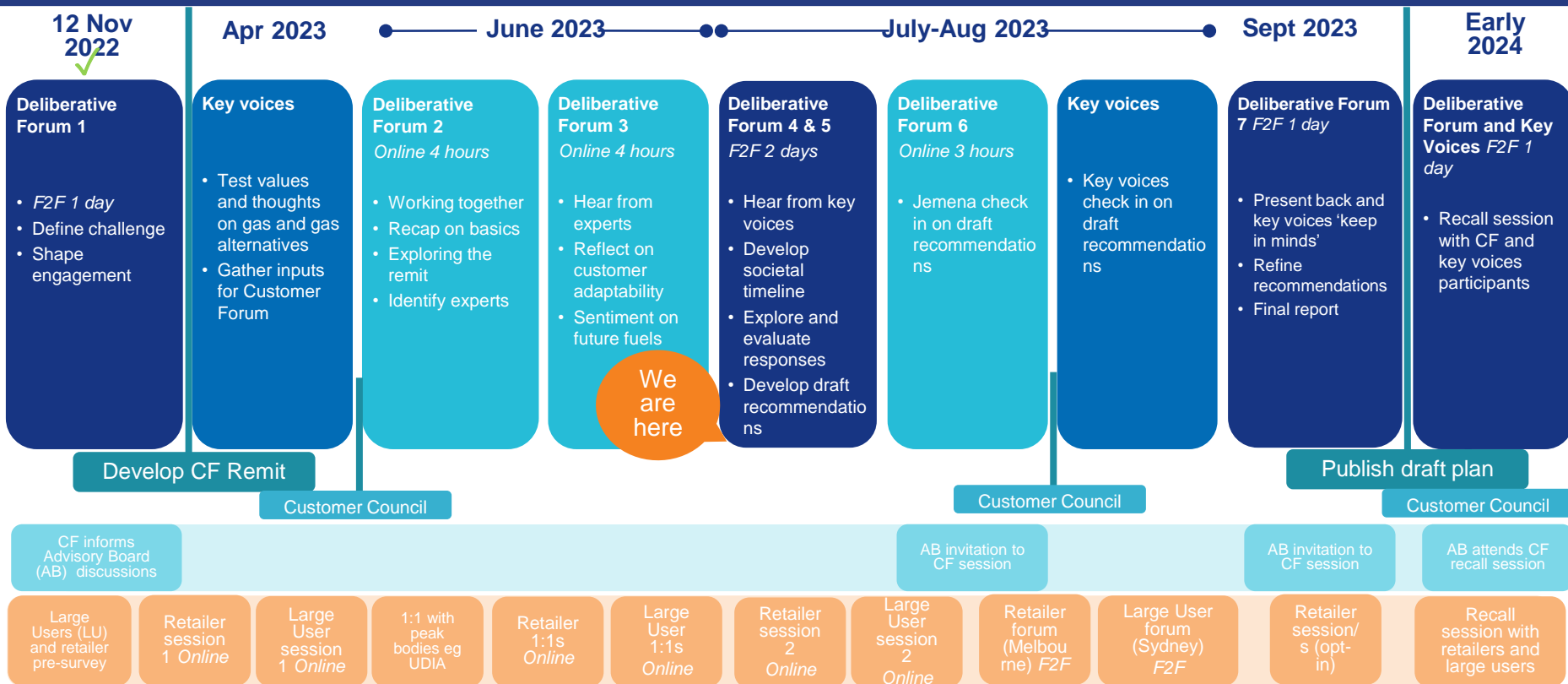
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19 July 2023



Go to **menti.com** and enter the code **33 15 07 7**

# Access Arrangement: Engagement program



## What we've heard from customers so far:

- Choice of gas
- Vulnerable customer initiatives
- Connections
- Willingness to pay for renewable gas and innovation
- Expectations of access into the future
- Reliability and security of supply
- Dealing with uncertainty (across the four demand scenarios) through accelerated depreciation and charging for connections
- Tariff reform options and fairness.

# Tariffs customer forums



## Workshop 1

### Building blocks

- About JGN
- About Tariffs
- Deliberative process
- Remit
- Introduce tariff concepts and price controls (overview only)

Wednesday 5 July  
5:30pm to 8:30pm



## Workshop 2

### Learning

- Brains trust workshop
- Deep dive into tariff options and price controls
- How they impact different customers

Tuesday 18 July  
6pm to 8pm



## Workshop 3

### Recommendations

- Deliberation
- Recommendations on what is in the best interest of customers

Wednesday 2 August  
5:30pm to 8:30pm

## What we've heard from customers so far:

- It's a complex problem
- Concepts can be hard to understand
- Achieving net zero is non-negotiable
- The price of gas is going up
- Jemena's existing tariff structure needs to change
- Transition to renewable gas or electricity is an option

# Access Arrangement: summary of your feedback so far



**Reference service feedback:** majority of large users and retailers indicated that our current reference services is likely to meet their future business needs.



**Engagement approach:** value positive and open communication, transparency. Feedback on frequency of engagement, efficiency and a diverse range of customers.



**Access arrangement:** some felt the future of the energy system needs to be considered.



**Renewable gas:** retailers are interested in how hydrogen blending, biomethane and distribution will impact the future of the network.



**Digital gas meters:** feedback on this varied.



**Vulnerable customer initiatives:** feedback on this topic also varied.

How well does this resonate with you?

## Update: Consultation with Culturally and Linguistically Diverse Customers



Watch the [video here](https://youtu.be/CvvAjhRecvo?si=vq9EYKtLbp5vsclD) or cut and paste it into your browser: <https://youtu.be/CvvAjhRecvo?si=vq9EYKtLbp5vsclD>

# Tariffs consultation: uncertainty and other factors we're considering



**Weather:** impacts of warmer and cooler winters.



**Behaviour change:** customer preferences and changes driven by affordability concerns and electrification.



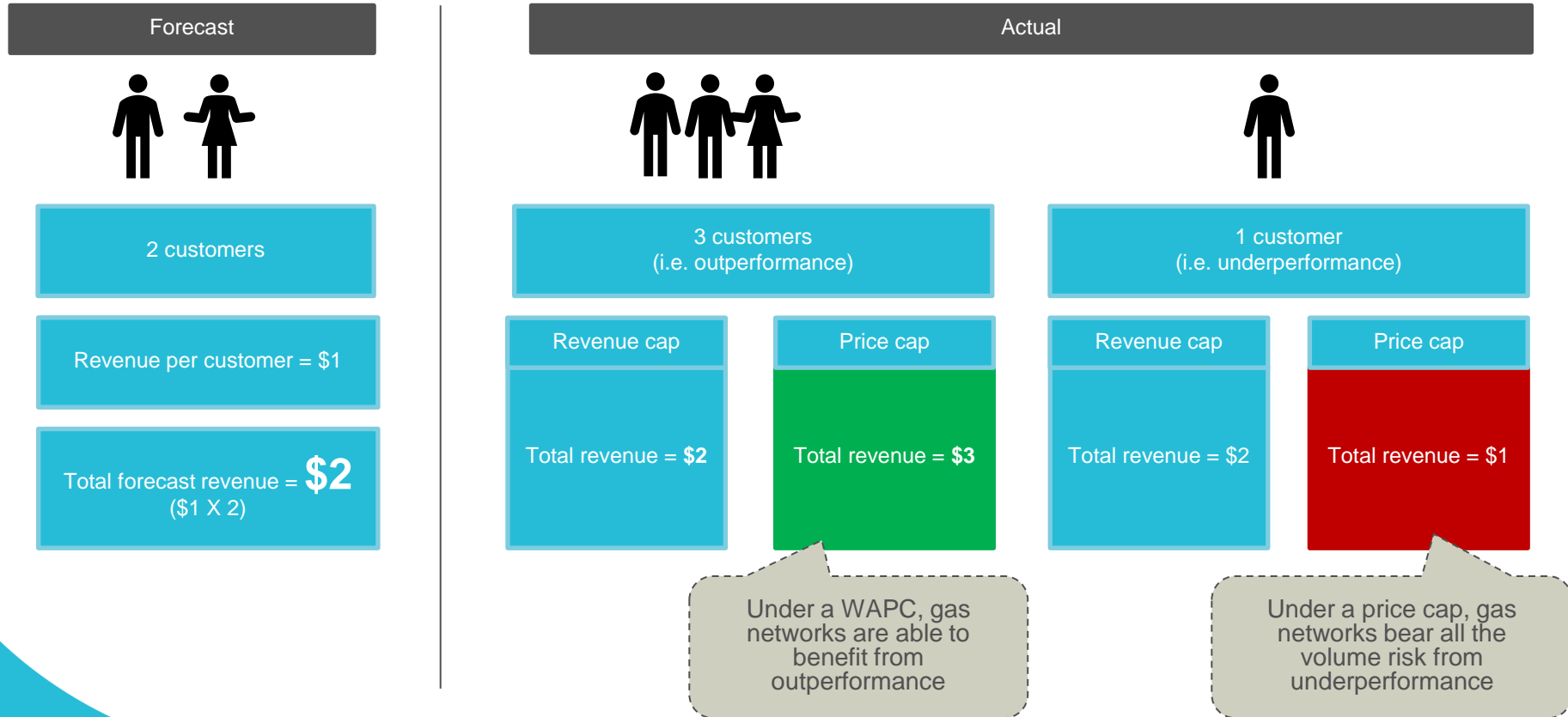
**Policy:** Impacts of changing and uncertain government policy on gas usage across different customer groups, including any policies on renewable gas.



**New connections:** Uncertainty surrounding the number and timing of new connections, changes to construction industry and housing statistics.

**Note this consultation has a tight timeline and it's a complex topic – is there anyone else in your organisation we need to talk to?**

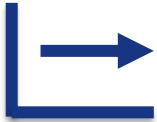
# Illustration of revenue impacts under different forms of control





## Declining block tariff structures

- Most gas networks use this structure right now. The more you use the less it costs and it's done in 'blocks'
- Two broad categories – demand tariffs (Large Industrial consuming >10TJ per annum) and volume tariffs (Residential and small commercial customers)
- Examples given in the paper are from Jemena in NSW and AGN in Murray Valley (Victoria)



## Flat tariffs

- Less complex, customers pay a steady or flat rate for all the gas.
- Small volume customers pay less.
- Large customers are generally worse off compared to declining block tariffs.



## Inclining block tariff structures

- The more you use the more it costs, and it's done in 'blocks'.
- Best option for smaller volume customers.
- Large customers are still worse off.
- Incentive to use less gas.



# Pricing principles we're considering



- **Cost reflectivity:** using the relevant laws here to observe cost reflective prices
- **Price stability:** minimising large tariff increases to help customers manage bills in future



- **Simplicity:** understandable, minimising transaction costs and applicability of overseas pricing structures



- **Revenue adequacy:** efficient cost recovery



- **Fairness / equity:** usage cost is according to costs of the network and covering equity considerations like cost of living pressures.



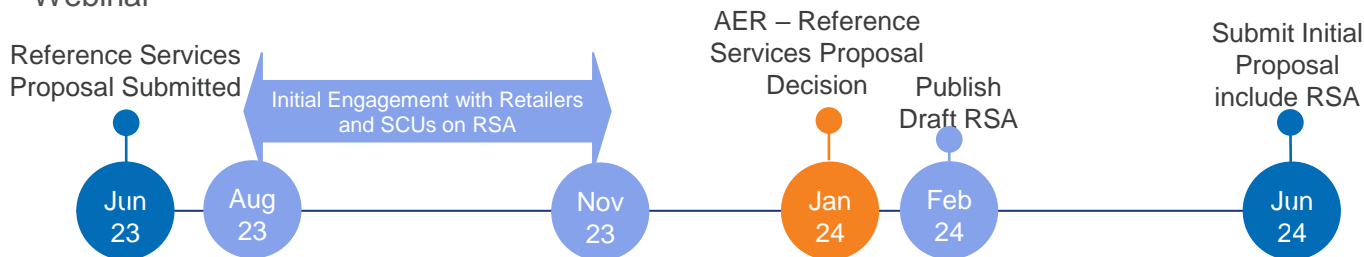
Initial thoughts? Have you seen examples of principles applied like this elsewhere?

# Questions

1. What are your views on price cap vs revenue cap, versus a combination of both?
2. What do we need to keep front of mind as we progress to customer engagement on this topic?

# Reference Service Agreement Engagement

- As part of the Initial Proposal JGN will submit a revised Reference Tariff Agreement (RSA)
- Retailer and self contracting user engagement plan
  - Retailers and self-contracting users (August – Nov 23)
    - Combination of webinar/s and one-on-ones
  - Issue draft of Revised RSA for explicit feedback (Feb 24)
  - Finalising feedback and presenting back to Retailers/SCUs (April 24)
    - Webinar



Who are the right people from your organisation for JGN to engage with?