

# Gas Networks 2050

## Access Arrangement

### Customer Forum 7

Saturday 9 September 2023



# 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







# Your guides for today



Rachel Fox



Anne Marie  
Mitchell



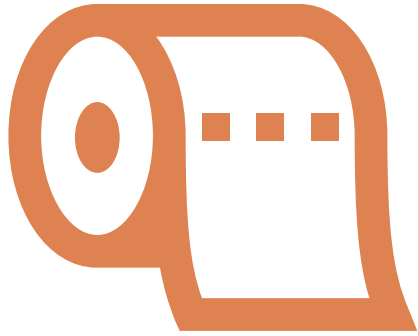
Reem Nasr

# Our session today

## Topics and activities we will cover:

|  | Duration<br>(6.5 hours) | Timing |
|--|-------------------------|--------|
| <b>Getting started and gas 101</b>               | 45 mins                 | 9.30   |
| <b>Preferences</b>                               | 65 mins                 | 10.15  |
| <i>Morning tea</i>                               | 10 mins                 | 11:20  |
| <b>Preferences (continued)</b>                   | 30 mins                 | 11.30  |
| <b>Brainstorming final recommendations</b>       | 40 mins                 | 12.00  |
| <i>Lunch</i>                                     | 30 mins                 | 12.40  |
| <b>Final recommendations</b>                     | 90 mins                 | 13.10  |
| <i>Afternoon tea</i>                             | 10 mins                 | 14.40  |
| <b>Final drafting and voting</b>                 | 50 mins                 | 14.50  |
| <b>Final reflections, wrap-up and next steps</b> | 20 mins                 | 15.40  |
| <i>Close</i>                                     |                         | 16.00  |

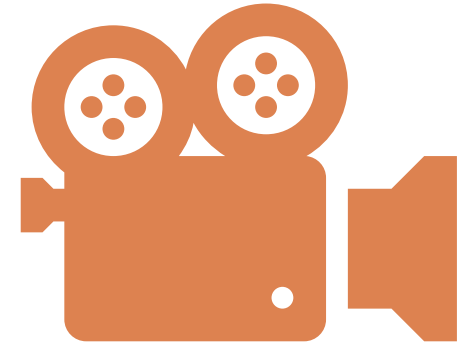
# Practical stuff



Toilets

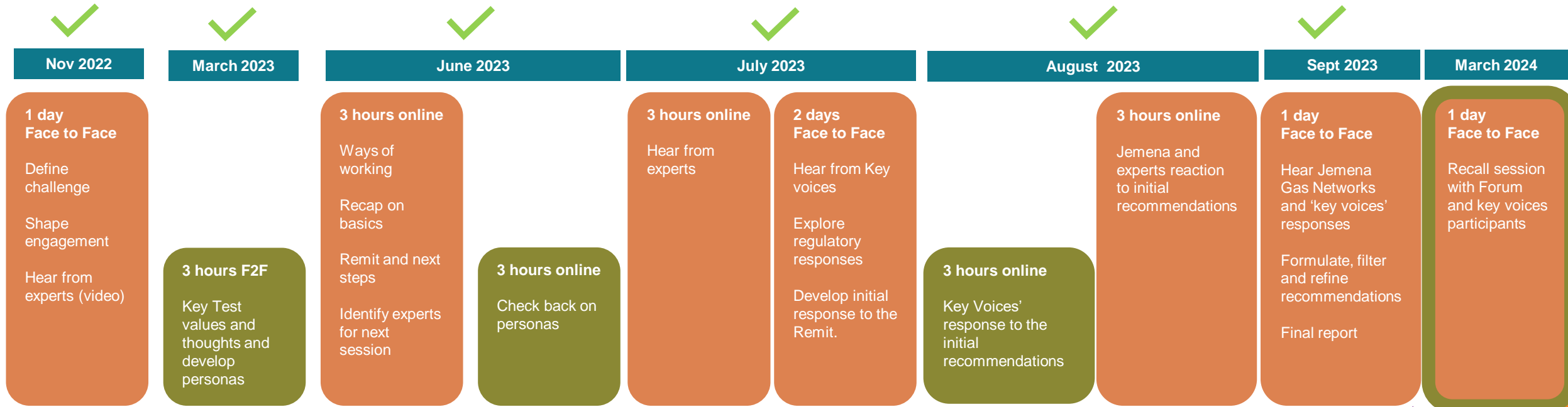


Emergency exits



Filming

# Recap: our journey



**Purpose of today:** to 'look down from the balcony' at all our learnings, discussions and deliberations and come up with the final message for Jemena for the next five years and beyond.



# Journey been like for you?



# Reminder: the remit

Australia is transitioning to net zero carbon emissions by 2050. We see a role for Jemena Gas Networks in the transition and beyond 2050. However, there is more and more uncertainty in the energy sector, and cost of living pressures and energy prices are rising.

We want to adapt and take action now so we can create our future, but we need the support of customers to do this.

Can we do this in a way that is fair for customers over the next five years, and beyond, whilst managing uncertainty and remaining affordable in the future?

# Facilitated Q&A session

Do you have any 'burning' questions of Jemena that need clarifying before we finish our 'learning' process?

# Recap: Gas 101

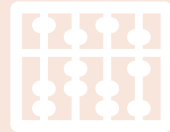


The Australian Energy Regulator (**regulator**) regulates gas pipelines in all states except Western Australia and Tasmania.

The rules ensure that networks do not favour their own businesses to the disadvantage of competitors, or use money from regulated services to fund their own businesses.



Our shareholders fund the investments required to run, grow and maintain the gas network, with the expectation of a return on that investment.



The **regulator** sets a 'rate of return' (return on investment) for capital investments. This rate of return is a benchmark rate of return, which is applied to all regulated gas and electricity networks.



**Every five years**, we provide information on the costs of our investments to the regulator. The regulator reviews our investments to ensure that they are prudent and efficient.

# Jemena Gas Networks' role in supporting renewable gas

- Jemena Gas Networks operates the NSW gas distribution network. Our core service is transporting gas to industry, households and commercial premises.
- Rules prevent us from producing natural gas and renewable gas, but we work with third parties to inject their gas into our network.
- Jemena Gas Networks has set up the Western Sydney Hydrogen Hub to test hydrogen injection for safety.
- The Malabar Biomethane facility is currently injecting renewable gas into our network.
- The Australian Energy Market Commission is updating the National Gas Rules to make connecting renewable gas to the network easier.
- We're also in discussions with biomethane producers who are interested in connecting to our network so that our customers can get access to renewable gas.

Reminder: making coffee under uncertainty



## Sip 'n' Petals tea house

*Do people like tea?*

*What's the competition?*

*Will I recoup my costs?*

Partially  
revamp

Fully  
revamp

Don't  
revamp



## Key voices

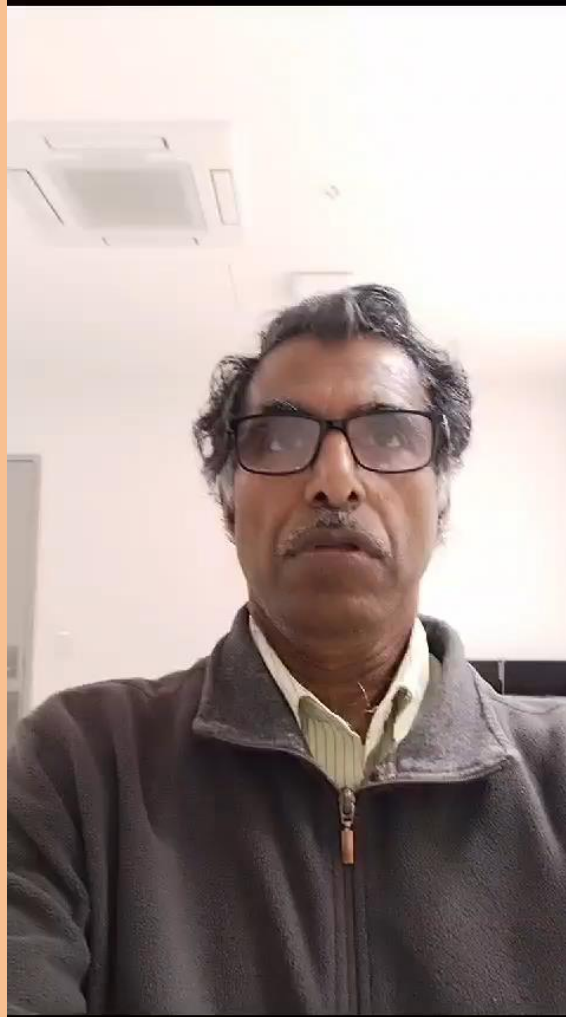


# Key voices – feedback on initial recommendations

|  | YOUTH  | CALD   |
|--|--|--|
| <b>Customer preferences</b> – do they meet your needs?   | <b>Yes, for affordability, but no for the slow and steady approach.</b>  | <b>Yes.</b>  |
| <b>Customer preferences</b> - do you have confidence the Customer Forum is thinking about what's important to you? | <b>Not really.</b>   | <b>Yes.</b>  |
| <b>Customer preferences</b> - would you do anything differently?   | <b>Yes.</b>  | <b>Not really.</b>   |
| <b>Managing uncertainty</b> – what should the forum consider?  | <ul style="list-style-type: none"> <li>Does the Forum think Jemena can hold the <b>government accountable</b>?</li> <li>The Forum should be asking Jemena to create a measurable <b>long-term plan</b> to work through uncertainty</li> <li>Renewable gas – <b>what happens if policy changes this?</b></li> <li>Consider how to <b>specifically support customers</b></li> <li>Should be <b>more specific</b> with recommendations</li> <li><b>Slow and steady doesn't benefit</b> people in the long run.</li> </ul>           | <ul style="list-style-type: none"> <li><b>Increased transparency</b> to all customers from Jemena</li> <li><b>More detail</b> on renewable gas implementation, funding and government accountability</li> <li><b>How can CALD communities be supported</b> through the transition? (financially, via communication and engagement).</li> </ul> |
| <b>Meeting customer expectations</b> – what should the forum consider?   | <ul style="list-style-type: none"> <li>Consider how <b>customers can sign up for renewable gas, Jemena's policy and role of hydrogen</b></li> <li><b>Don't be afraid</b> to make hard decisions</li> <li>Be more <b>specific</b> particularly around planning for the future and environment</li> <li><b>Affordability</b> – how will <b>inflation</b> affect customer bills?</li> <li>What is in <b>Jemena's control</b> and what is outside?</li> <li><b>Customer engagement</b> is critical – where is the detail?</li> </ul> | <ul style="list-style-type: none"> <li><b>More detail</b> on how to manage renewable gas education including safety and reliability</li> <li>How are we going to meet net-zero and a safe transition?</li> <li>Some statements look to be <b>outside Jemena's role.</b></li> </ul>   |
| <b>Renewable gas</b> - do you think a renewable gas future would meet your needs?                                  | <b>Majority of the group said yes it can.</b>  | <b>Yes.</b>  |
| <b>Renewable gas</b> – how do you think your needs would be met if gas did not have a future?                      | <b>The group said they didn't need a future with gas</b> – their focus would move to other sources of renewable energy.  | <ul style="list-style-type: none"> <li><b>Ultimately the CALD communities would accept any overarching government policy decisions,</b> however they would find a way to continue cooking with gas.</li> </ul>   |



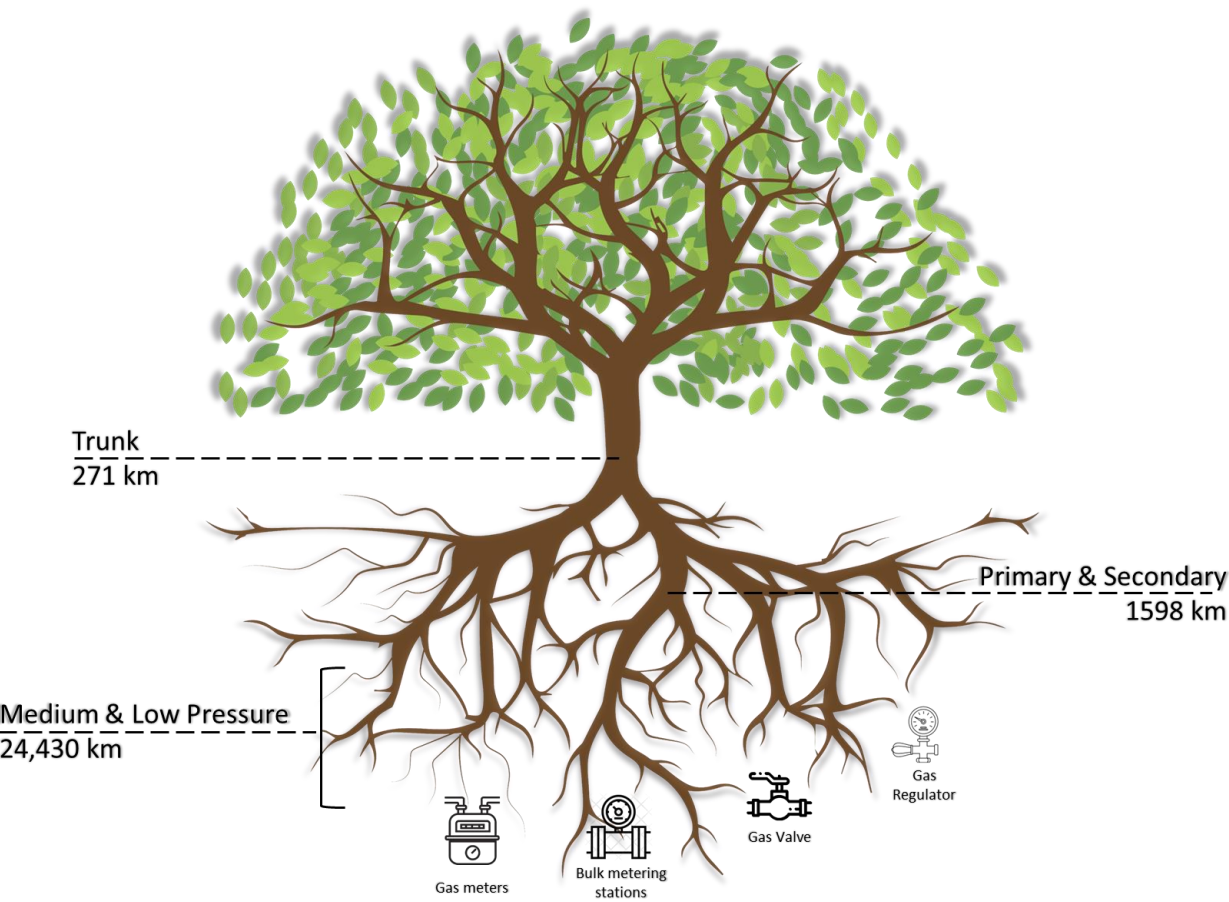
# Key voices – message from our CALD group





# Recap – how we manage our assets

51% of you voted for deferred rehabilitation for five years and 49% voted for targeted rehabilitation



## Option B: Defer mains program for five years (*Deferred rehabilitation*) (51% of the vote)



*This option may result in greater impacts for the **environment** because we can't discover gas leaks quickly.*

*This option may mean **less reliability** because we're '**kicking the can down the road.**'*

|   |
|---|
| Bill impact<br>2025-2030<br>\$4 a year          |
| Bill impact<br>2030 - 2050<br>\$2 to \$1 a year |

## Option C: Selective replacement (*Targeted rehabilitation*) (49% of the vote)



*This option is better for the **environment** because we are using technology to discover gas leaks.*

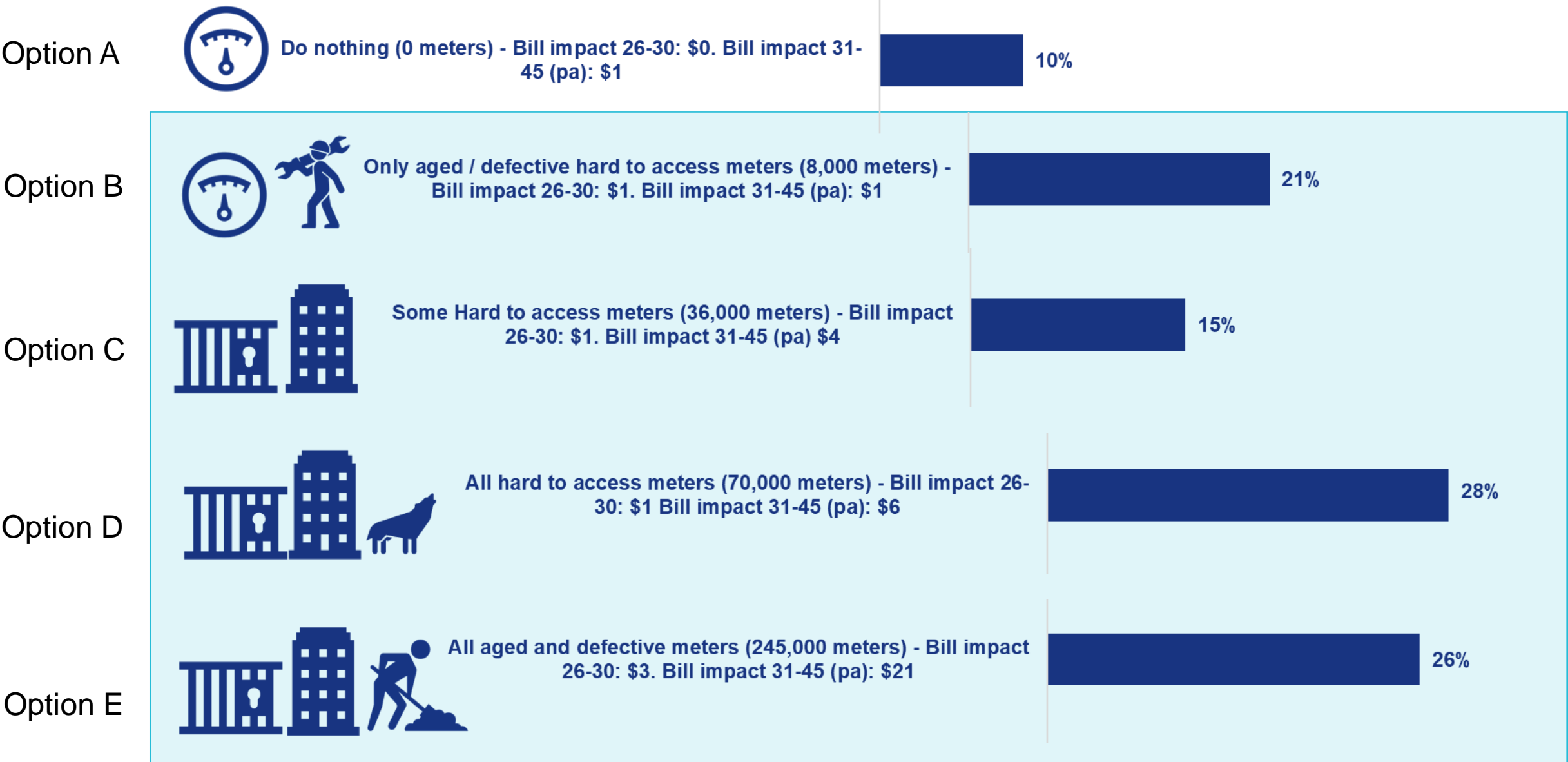
*This option may mean **more reliability** because we are **selectively fixing** what needs fixing.*

|  |
|--|
| Bill impact<br>2025-2030<br>\$1 a year     |
| Bill impact<br>2030-2050<br>-\$0.5 to -\$2 |

No one voted for Option A: Continue what we do now

# Jemena's role in digital metering

90% of you voted to do something and 10% voted do nothing





# Recap: vulnerable customers

What your additional 30c on the bill per year would mean

## Awareness:

- Build up our existing programs including supporting non-government organisations to help customers in more vulnerable customer scenarios. (e.g., more of Voices for Power and Bring Your Bill Days).
- Help community groups build resilience through expanding our community grants program.

## Accessibility:

- Develop in-language content (for example on our website).
- Have more plain English information available.
- Partner with others to develop programs (e.g., retailers and other distribution businesses).

## Action:

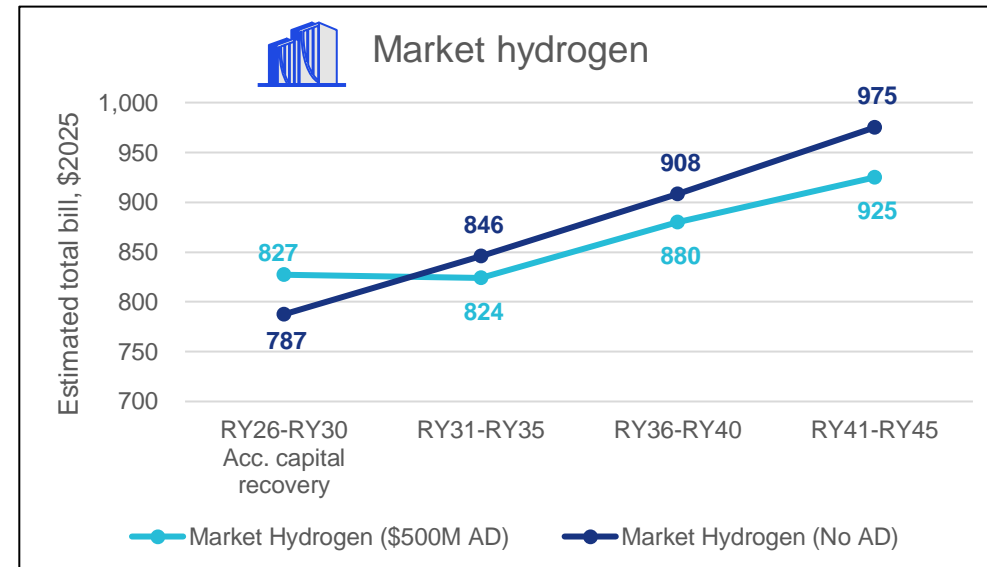
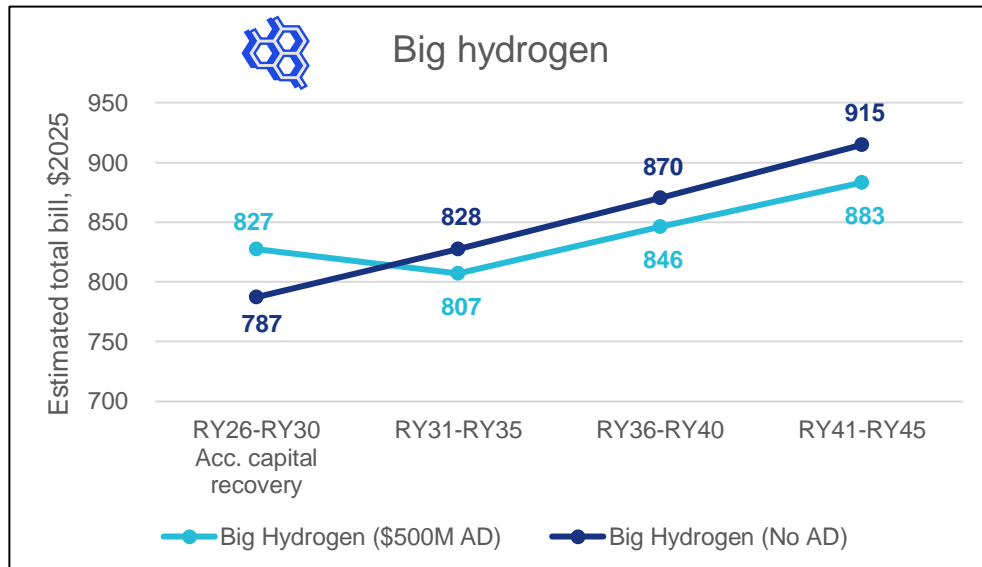
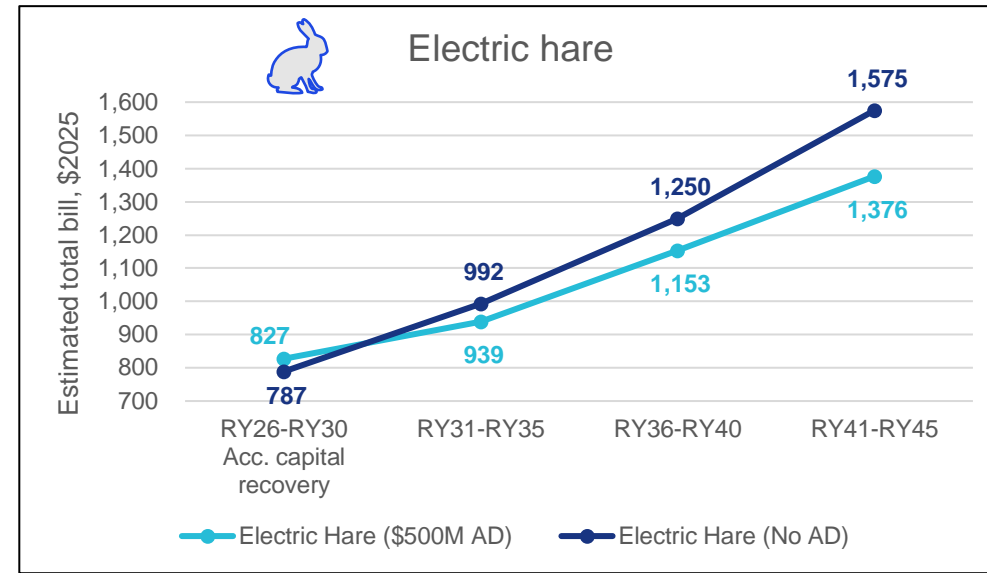
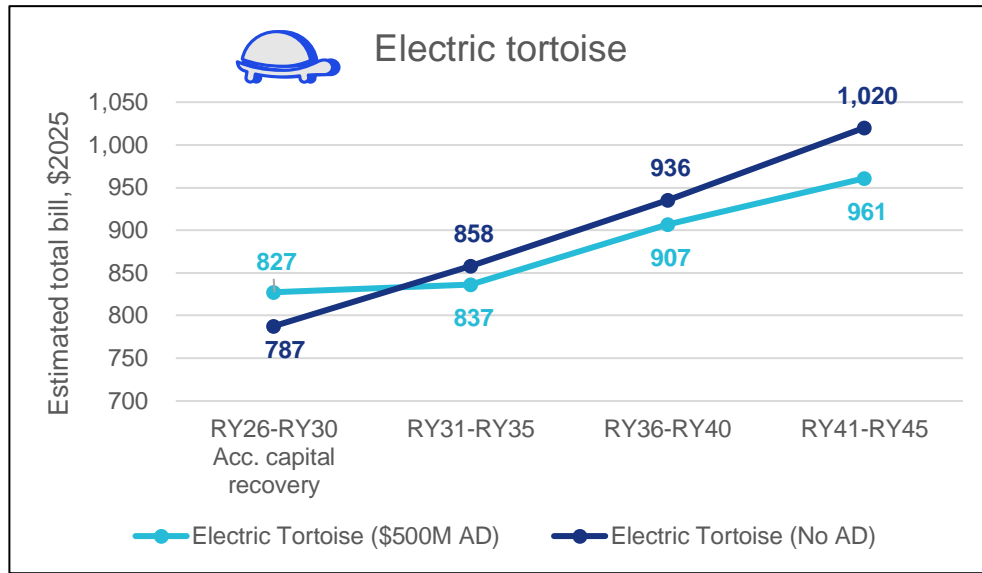
- Single point of contact (e.g., call and get the same customer service officer)
- Priority customer 'flag' in our backend system that will help with faster customer service.
- Expanding awareness through social media.

## Next steps:

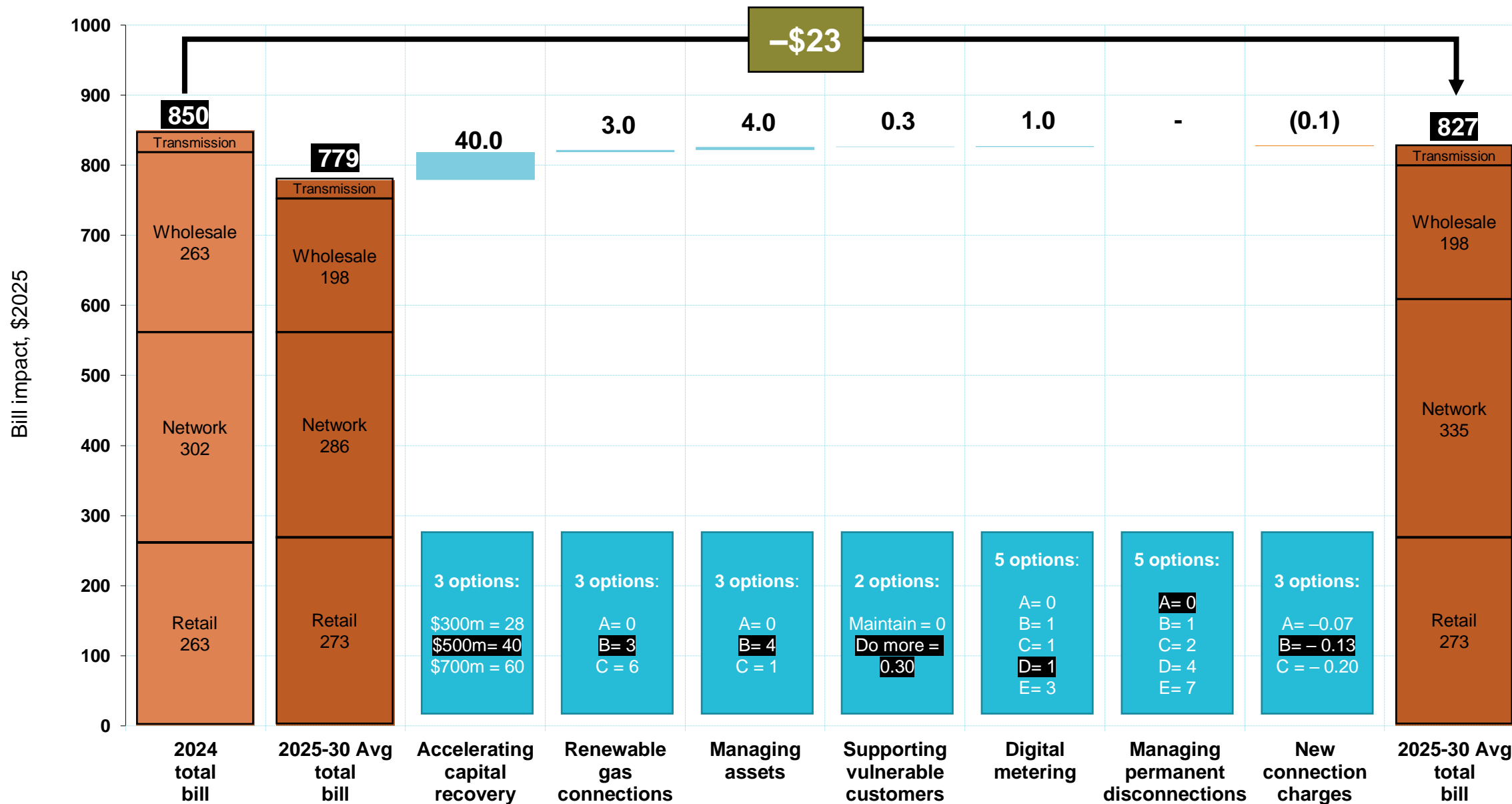
- Future co-design with customers on how the funds will be spent.



# Estimated bill, with and without accelerating capital recovery



# Estimated Bill impact (\$2025), average per annum, 2025-30



The numbers in the blue box represent the bill impact of alternative options

\*Based on a customer with gas heating, cooking and hot water appliances using 15GJ per year. Calculated using an assumed wholesale gas price cap of \$12 for 2024-25 onwards.

# Overview of initial preferences

- The average bill in 2023-2024 is estimated to be \$850
- The average bill in 2025-2030 is estimated to be \$779
- The average bill in 2025-2030 with the additional costs, is estimated to be \$857 (\$779 + \$48)

| The regulatory response                        | This seems to be your current preference | What this would add to your bill (per year) | How this option responds to the most aligned values   |
|--|--|---|---|
| 1. Renewable gas                               | Support renewable gas                    | \$3   | <b>Environment</b> – provides a carbon neutral source of gas.<br><b>Reliability</b> – creates a decentralised source of gas that could improve supply to regional areas.                            |
| 2. Accelerated capital recovery                | \$500m                                   | \$40  | <b>Planning for the future</b> – Jemena would be recovering a measured portion of its asset base.<br><b>Fairness</b> – balances business and customer needs in the long term and avoids bill shock. |
| 3. Asset management                            | Option B – deferred rehabilitation       | \$4   | <b>Environment</b> – new technology could assist with gas detection.<br><b>Reliability</b> – greater security of supply.  |
| 4. New connections                             | Moderate up-front contribution           | \$0.13                                      | <b>Planning for future</b> – Jemena would be planning based on a similar customer base to now.<br><b>Fair</b> – the cost of connecting to the network would be shared by a most customers.          |
| 5. Vulnerable customers                        | Do more                                  | \$0.30                                      | <b>Fair</b> – because it helps those that need it the most.<br><b>Affordability</b> – because it helps people to manage bill shock and impacts.   |
| 6. Digital metering                            | Extensive                                | \$1   | <b>Fair</b> – customers with hard-to-access meters will be able to get their meters remotely read   |
| 7. Permanent disconnections                    | User pays                                | \$0   | <b>Planning for the future</b> – Jemena will be planning for a network that is relatively smaller in size<br><b>Fair</b> – people wanting to disconnect would need to do this at their own expense  |
| Total addition to the estimated 2025-2030 bill |  | <b>\$48.43</b>                              |   |

\*These amounts are in \$ for the year 2024 and do not account for CPI

| Votes on preferences               |   | Loathe         | Lament         | Live with      | Like           | Love           | Total > Live with |
|------------------------------------|---|----------------|----------------|----------------|----------------|----------------|-------------------|
| 1. Renewable gas                   | <b>Support</b><br>\$3 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>Expedite</b><br>\$6 per year   | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
| 2. Capital recovery                | <b>\$300M</b><br>\$25-\$30 per year   | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>\$500M</b><br>\$35-\$45 per year   | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
| 3. Asset management                | <b>Deferred rehabilitation</b><br>\$4 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>Targeted rehabilitation</b><br>\$1 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
| 4. New connections                 | <b>Low contribution upfront. High portion of connection cost shared by customers per year.</b><br>\$0.07 per year   | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>Medium contribution upfront. Some connection cost shared by customers.</b><br>\$0.13 per year                    | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>High contribution upfront. Low portion of connection cost shared by customers.</b><br>\$0.20 per year            | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
| 5. Supporting vulnerable customers | <b>Do more to support vulnerable customers.</b><br>\$0 per year   | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
| 6. Digital Meters                  | <b>Option A – Only aged/defective/hard to reach meters</b><br>\$1 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>Option B – Some hard to access meters</b><br>\$4 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>Option C – All hard to access meters.</b><br>\$6 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
|                                    | <b>Option D – All aged and defective meters</b><br>\$21 per year  | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |
| 7. Disconnections                  | <b>Customer pays all the cost of permanently disconnecting from the network. (current approach)</b><br>\$0 per year | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session | TBC in session    |



# Final preferences

- The average bill in 2024 is estimated to be \$850
- The average bill in 2025-2030 is estimated to be \$779
- The average bill in 2025-2030 with the additional costs, is estimated to be \$857 (\$779 + \$48)

| The regulatory response                        | This seems to be your final preference | What this would add to your bill (per year) |
|--|--|---|
| 1. Renewable gas                               | TBC in session                         | TBC in session                              |
| 2. Accelerated capital recovery                | TBC in session                         | TBC in session                              |
| 3. Asset management                            | TBC in session                         | TBC in session                              |
| 4. New connections                             | TBC in session                         | TBC in session                              |
| 5. Vulnerable customers                        | TBC in session                         | TBC in session                              |
| 6. Digital metering                            | TBC in session                         | TBC in session                              |
| 7. Permanent disconnections                    | TBC in session                         | TBC in session                              |
| Total addition to the estimated 2025-2030 bill |  | TBC in session                              |

\*These amounts are in \$ for the year 2024 and do not account for CPI



# Lunch





# Afternoon tea





# Final drafting





# Thank you!

Any feedback:

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Login to your private online community to  
discuss what you heard today:

[yournetwork.jemena.com.au/login](https://yournetwork.jemena.com.au/login)