

Retailer Engagement Gas Access Arrangement 2025- 30

Outcomes and consultation pack
19 July 2023



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Methodology: What we did in the session



Objectives

Our objectives of the day were to provide feedback on what we'd heard in the previous session in April 2023, give an overview of residential customer feedback so far, and get gas retailers' initial thoughts on tariffs and the form of control as we proceed to residential customer engagement on this topic, and outlining the Australian Energy Regulator's review in this area.

Attendees

Thirty-three attendees from 13 gas retailers attended this session (see the breakdown on the following pages). Team members from Jemena also participated.



Format

The session ran for forty-five minutes as part of the broader program of the Jemena Retailers Forum held on Wednesday, 19 July 2023, at Collins Square Event Centre in Melbourne. We used the interactive online tool Menti to get feedback and a question-and-answer discussion in plenary.

Overview Summary

Section 1: Welcome, retailer feedback at the last session, residential customer feedback so far

Our first section was dedicated to welcoming and checking in, reviewing feedback from and an overview of the tariffs consultation process.

Section 2: Pricing principles and what's coming up

Our second section covered some simplified technical details of tariffs, the reasons for consultation, and some proposed pricing principles.

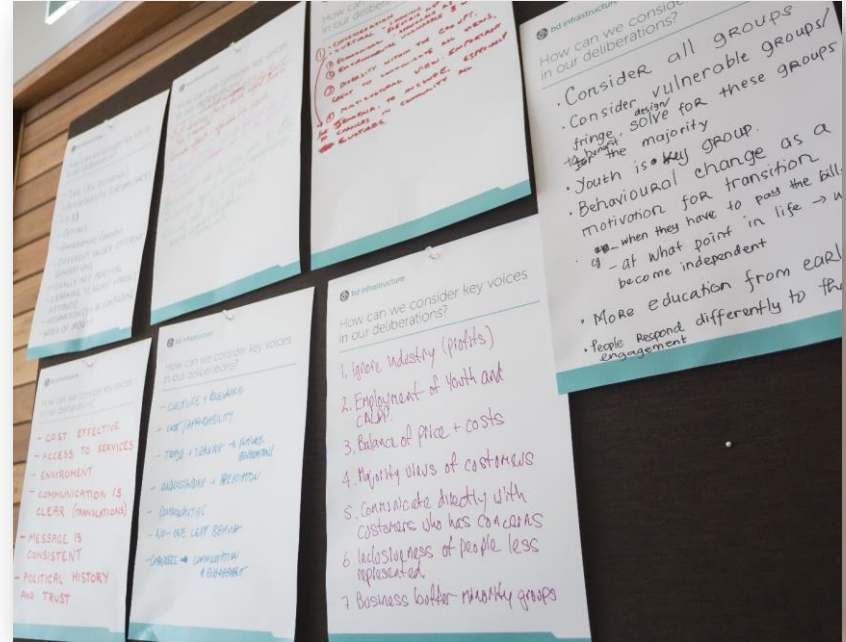
Section 3: Questions and answers and discussion

We rounded off the session with some questions to retailers on the price cap vs revenue cap approach and their early thoughts and suggestions. Retailers' insights are included in the following pages.



Overview of Retailer feedback in this session:

- **Digital gas meters:** feedback on this is primarily supportive, with one retailer having a varied view.
- **Vulnerable customer initiatives:** feedback on this topic is primarily supportive, with one retailer having a varied view.
- **Retailer feedback on tariffs:**
 - not favouring revenue cap.
 - concerns about how retailers will implement Jemena's tariff structure should any changes be made.
 - also concerned about having reflective products.
 - keep it simple.
- **Questions** from retailers about tariffs and engagement:
 - Is Jemena leaning towards one tariff structure or the other?
 - How do you combine all this feedback from all the different sources?
 - Beyond tariffs and volumes: will Jemena include other costs like supply, abolishment and connection charges as demand composition changes?



Question: How well does the summary of your feedback so far resonate with you?

"Fairly well."

"Nothing further"



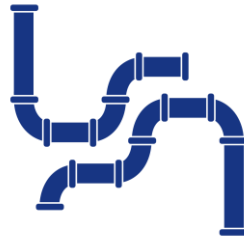
"Covers most of it"



"The summary sums up our view as well"



"Spot on with the topics"



"Beyond the tariff and volumes, will you include other costs of using gas like supply, abolishment and connection charges as demand composition charges?"

Question: what do we need to keep front of mind as we progress customer engagement on this topic? (in reference to tariffs)

“Vulnerable”

“Cost”



Who attended? (Retailers)

Name	Retailer	Position
Eric Wong	AGL	Collections Manager
Fawad Asghar	AGL	Senior Specialist Pricing Strategy
Gregory Lewy	AGL	Retail Pricing
Ivan Lim	AGL	Collections Excellence Manager
Joe Sweet	AGL	Network and Metering Coordinator Manager
Josh Bradley	AGL	Connections Manager
Mark Riley	AGL	Senior Industry Advisor
Sreenath Mukherjee	AGL	Credit Operations Manager
Wes Higgins	AGL	Senior Pricing Analyst
Zinky Sharma	AGL	Energy Distribution and Metering Manager
Caitlin Trethewy	AGL Energy	Head of Virtual Power Plant Operations Trading
Fiona Doherty	Alinta	Network & Metering Relationship Manager
Zoe Pattison	Alinta	Connections and Metering Specialist
John Coggan	Ausnet	Manager Customer Service Operations and Delivery
Murray O'Grady	AusNet	New Energy & Renewables, Team Leader
Jo Sullivan	Energy Australia	Industry and Networks
Troy Olcorn	Energy Australia	Industry and Networks
Cheryle McLeod	Energy Australia	Networks Advisor

Who attended? (Retailers continued)

Name	Retailer	Position
Caitlyn Vella	Nectr	Operations Specialist
Rajvi Kulkarni	Nectr	C&I Client Solutions Manager
Rahul Bandyopadhyaya	Next Business Energy	Pricing Manager
Saad rafi	Next Business Energy	EGM - Operations
Vrinda Pandit	Next Business Energy	Billing and Markets Team Leader
Joe Castellano	Origin	Group Ops Leader
Mario Iogha	Origin	Network relationship manager
Rob Mcdougall	Powercor Cltipower United Energy	Customer culture and relations manager
Con Noutso	Red Energy	Regulatory Manager
Jordan Rigby	Red Energy	Regulatory Manager
Lynn Limosnero	Shell Energy	Senior Operations Analyst
Sara Rodger	Shell Energy	Operations Team Leader
Addam Cao	Simply Energy	Vendor and stakeholder manager
Ankur Bhatia	Simply Energy	Service Delivery Manager
Hin Cheng	Tango Energy	Pricing manager
Caitlyn Vella	Nectr	Operations Specialist
Rajvi Kulkarni	Nectr	C&I Client Solutions Manager
Rahul Bandyopadhyaya	Next Business Energy	Pricing Manager

Who attended? (Jemena)

Name	Position
Alban Delpey	Commercial Manager Gas Distribution
Brad Gee	Key Accounts Manager
Brent Davis	Senior Business Development Manager
Catherine Marshall	Evo Energy and Key Accounts Manager
Christopher Masson	Connections and CIC Manager
Claire Couchman	Customer Insights and Research Lead CX Innovation
Emille Kueh	Relationship Lead Energy Retail
Frank Tudor	Previous Managing Director
Jessie Mills	CX Innovation Manager
Johan Ng	Commercial Manager Electricity Distribution
Karl Edwards	GM Asset and Operations Electricity
Kieran Skelton	Customer Operations Manager
Kristy Yip	Scheduling Manager CRM
Lawrence Henry	Contact Centre and Recoverable Works Manager
Leonora Todesco	Relationship Manager Energy Retail

Who attended? (Jemena)

Name	Position
Lisa Mannix	Group Customer Experience Manager, Customer Care and Response
Louise Baring	Customer Engagement Lead, Regulation Jemena Electricity Networks
Marc Flynn	Revenue Data Specialist, Customer Operations
Matthew Serpell	Electricity Regulation and Compliance Manager
Meny Kypriotis	Metering and Billing Manager Gas Distribution
Merryn Spencer	Engagement Lead, Regulation Jemena Gas Networks
Mohan Kuppusamy	Engagement Planning and Delivery Manager Digital Market Platforms Delivery
Nathan McMillan	Connections Manager Gas Distribution
Nicolas Piedrabuena	Connections SME Gas Distribution
Reagan Lobo	Interval Meter Data Manager
Sandra Centofanti	General Manager Customer and Commercial
Shaheli Damiano	Key Accounts Manager Commercial
Shaun Reardon	Executive General Manager Networks
Shounan Chen	Commercial Manager Evoenergy and Key Accounts
Stephen Angel	Network Development Manager Network Development
Steve Dooley	Customer Resolution Manager

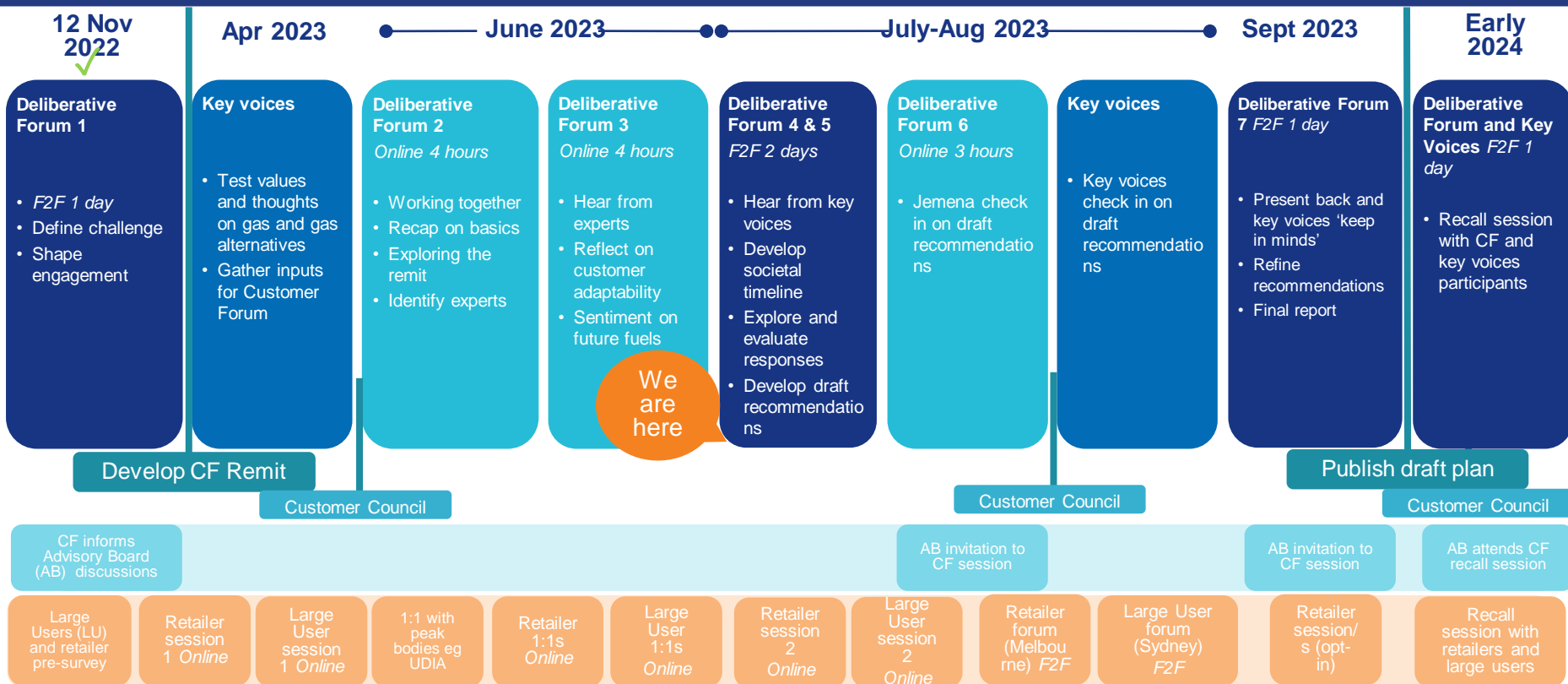
Who attended? (Jemena)

Name	Position
Thanh Bui	Future Network Team Leader
Theodora Karastergiou	Future Network Planning Manager
Vasanth Madhialagan	Contracts Operations Manager
Yvonne Spiteri	Contracts Operations Manager

Session presentation

The background features a series of overlapping, curved shapes in various shades of blue (dark, medium, and light) and white, creating a dynamic, modern aesthetic.

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.



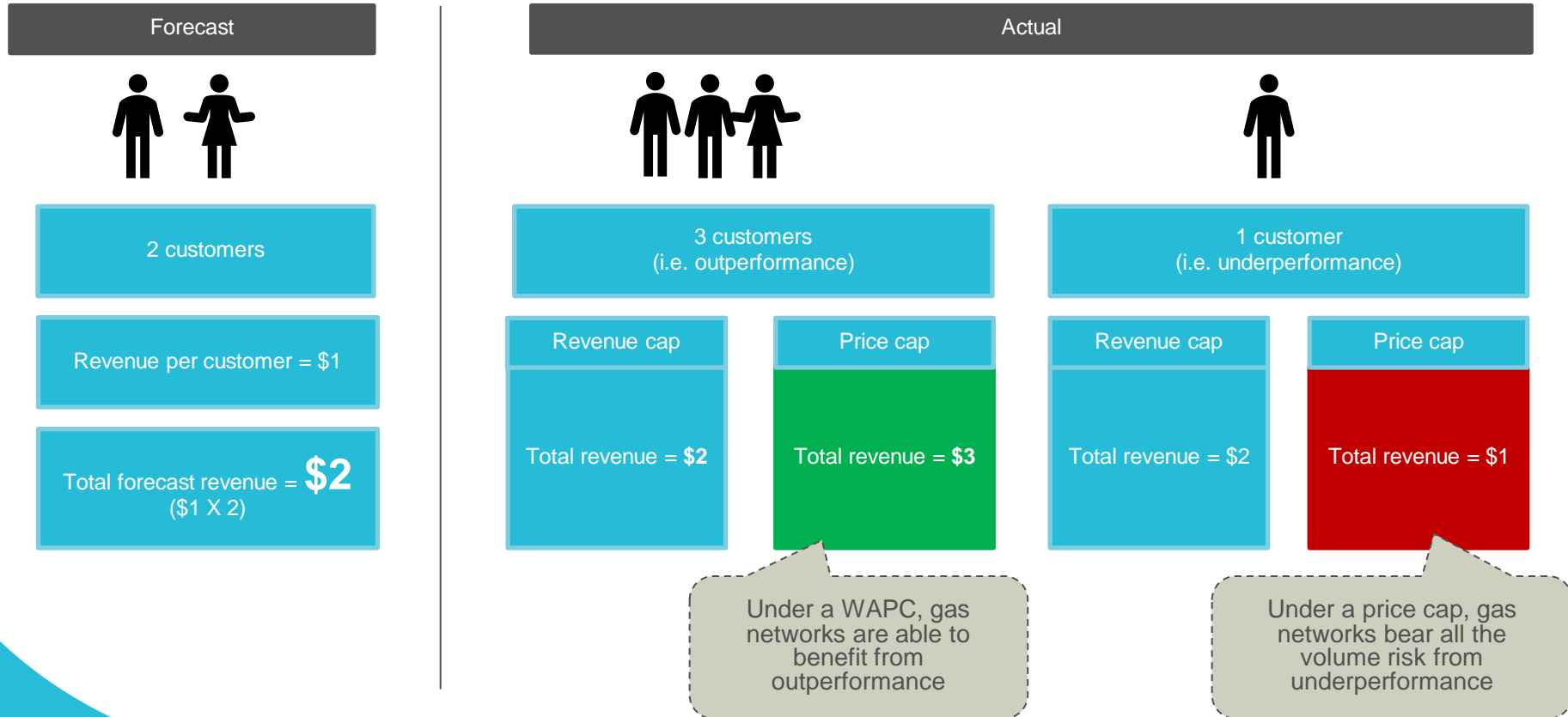
Policy: Impacts of changing and uncertain government policy on gas usage across different customer groups, including any policies on renewable gas.



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.



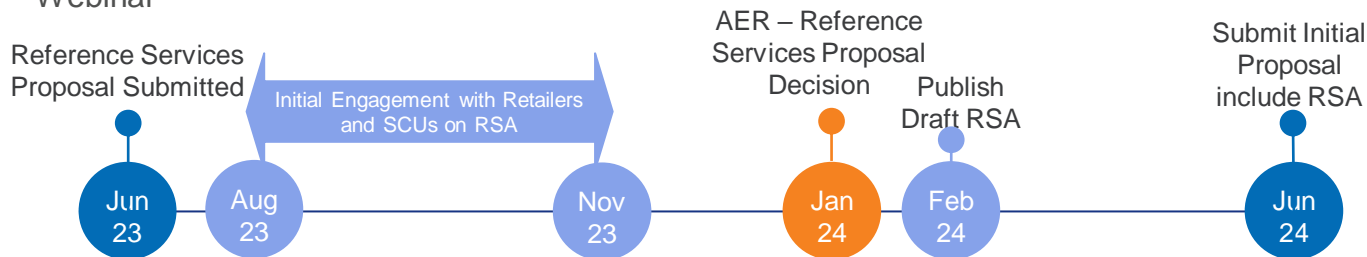
Initial thoughts? Have you seen examples of principles applied like this elsewhere?

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?