

Gas Networks 2050

Access Arrangement

Small Business Forums

Overall Outcomes Report

18 October – 8 November 2023



Overview

Objectives



Our session objectives were to introduce Jemena, build knowledge and group dynamics, and to explore the response options that are of most interest to small business participants to inform our Access Arrangement.

Attendees



Thirteen randomly selected small businesses from across Greater Sydney were split into two groups according to geography and participated in two sessions each, in October and November 2023. They're all main gas users and the primary decision-makers on energy in their business, ranging across various industries from hospitality, accommodation, manufacturing, retail and the arts sector.

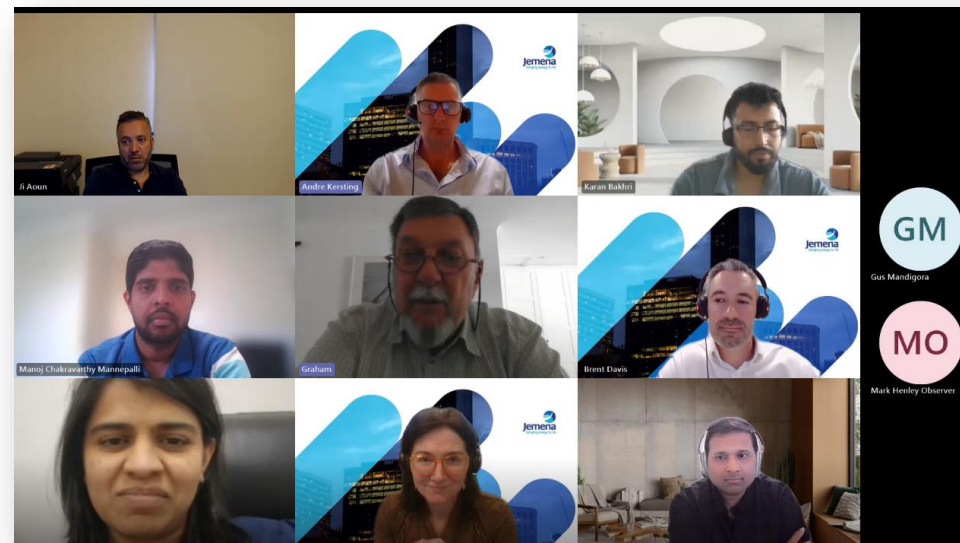
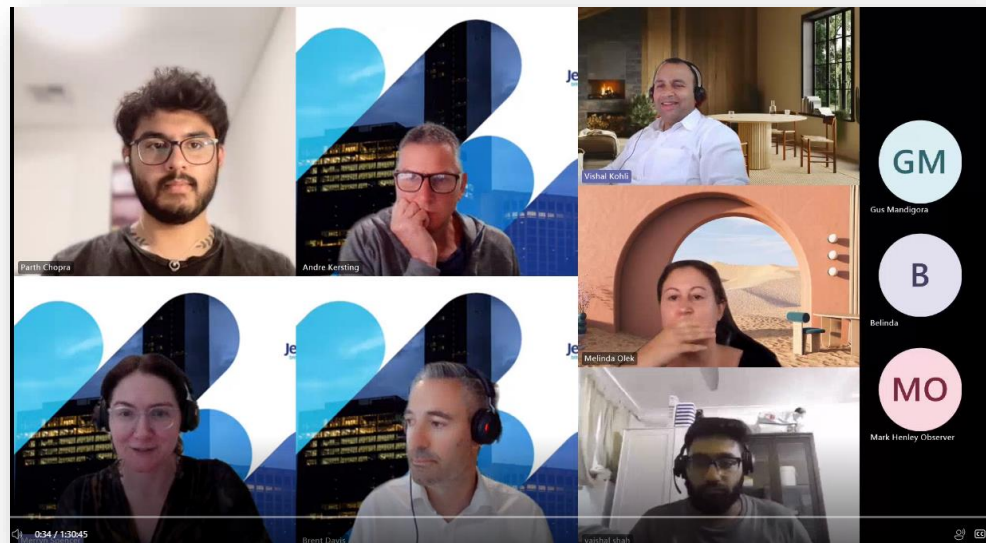
Observers



Observers attending were Mark Henley (Consumer Challenge Panel) (at two of the four sessions) and Gus Mandigora (Assistant Director of Network Regulation, Australian Energy Regulator) (also at two of the four sessions).

Format

Each of the four sessions ran for one and a half hours online each on Microsoft Teams and used some online engagement tools such as Menti.



Key themes



More significant support for renewable gas than residential customers: small business participants are extremely interested in renewable gas as many are reliant on gas as a fuel source and will find it difficult to switch energy sources. This was shown in the response options voting, as 50% of small businesses voted to expedite renewable gas. The other 50% voted for support renewable gas. The reasons given were that they were happy to contribute to the cost of their bill for this development. Some were also interested in seeing government policy in this area and any potential funding from the government to support the energy transition generally.



Affordability, fairness and pricing are key concerns for this group: this group of participants are preoccupied with current rising energy costs in electricity and gas and are also concerned about the expense of the energy transition down the track. Many indicated they like to have the choice of fuel to support the flexibility of business needs and appreciate gas's reliability. In contrast, others were considering switching to alternative renewable energy sources potentially based on price.



Supporting accelerating capital recovery of between \$300 and \$500 million: although this group was split, and they weighed up this question heavily like residential customers did, 58% supported a recovery option of \$300 million and 42% supported a recovery option of \$500 million. Many participants are concerned about not leaving an unnecessary financial or environmental burden on future generations.



Similar sentiment to residential customers for how Jemena manages its assets and a new approach to connections: small business customers had similar sentiment to residential customers for these response areas and believe there should be a targeted approach to rehabilitation as well as some costs shared for new connections.

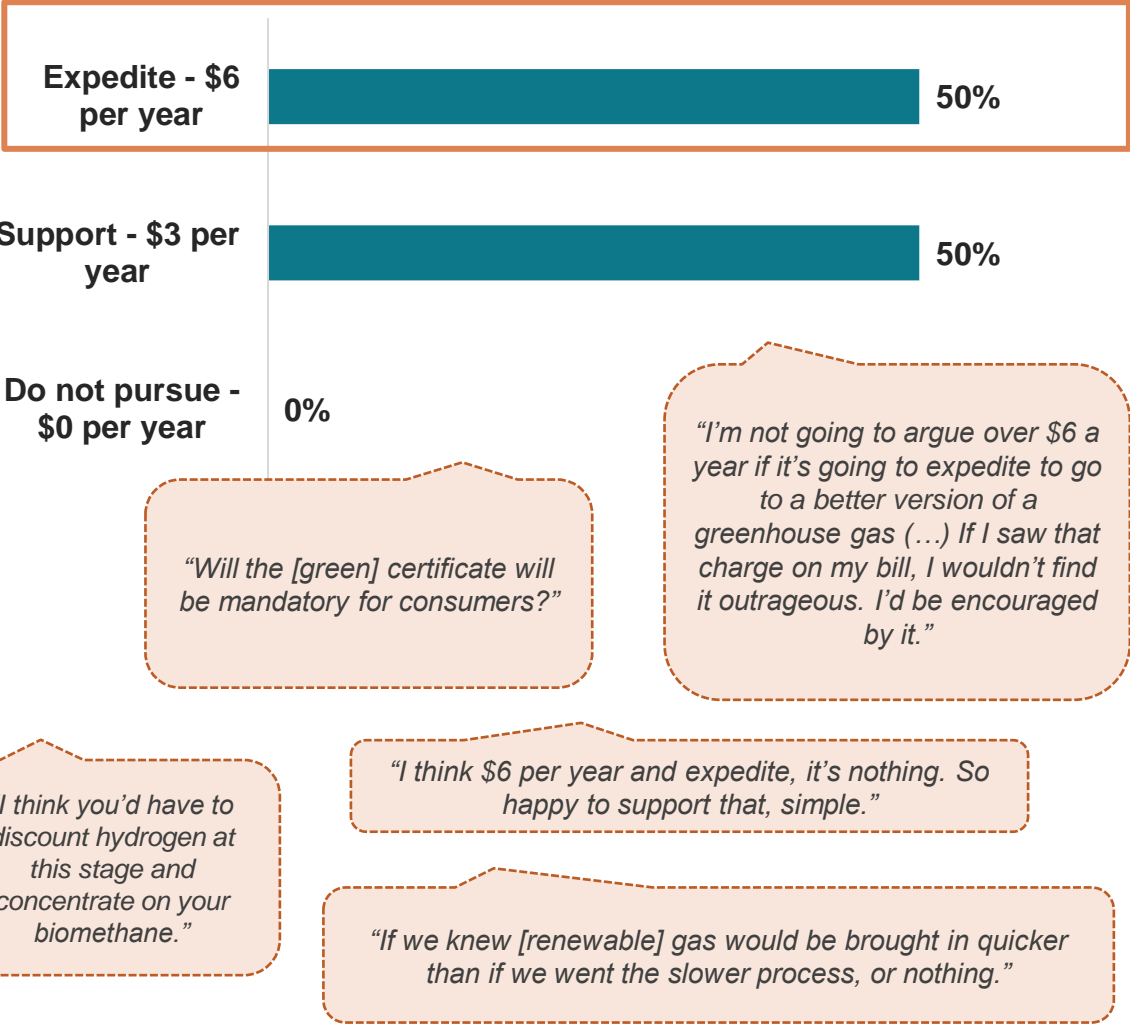


A willingness for permanent disconnections to be shared across the customer base: most small businesses felt differently to residential customers on this issue, and majority (84%) felt that some costs should be shared across the broad customer base for permanent disconnection. However, there was a vocal minority (16%) who felt that customers disconnecting should pay to leave.

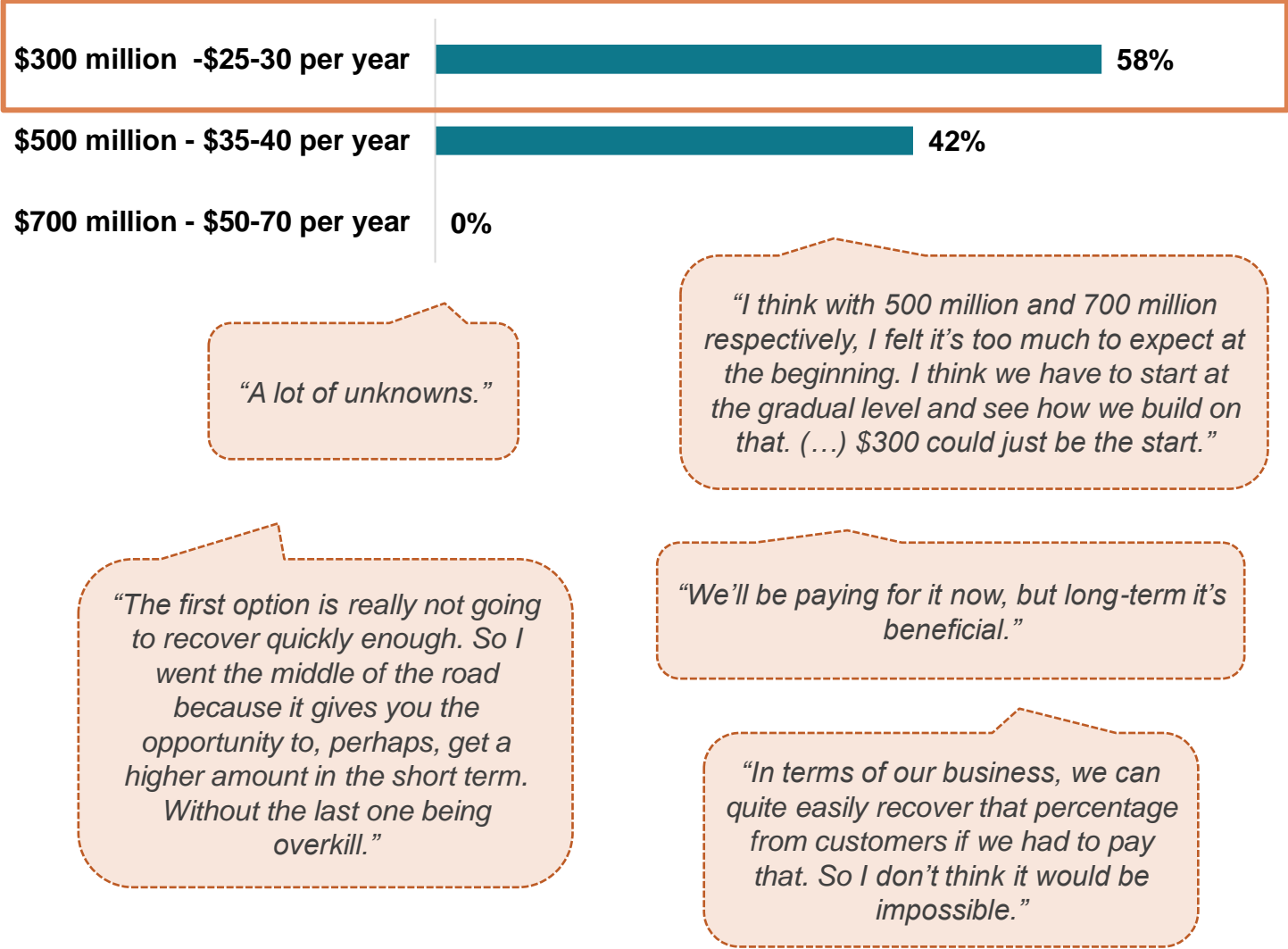
Small business customers: response areas voting

The main point of difference between small business customers and residential customers is that half of them want renewable gas more quickly – 50% of business customers voted to expedite. For speeding up recovery, similar to residential customers, this group slightly preferred the \$300 million option over the \$500 million option because of balancing affordability—other reasons why are included below.

Moving towards renewable gas:



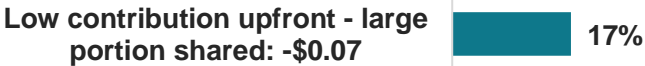
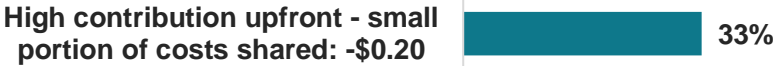
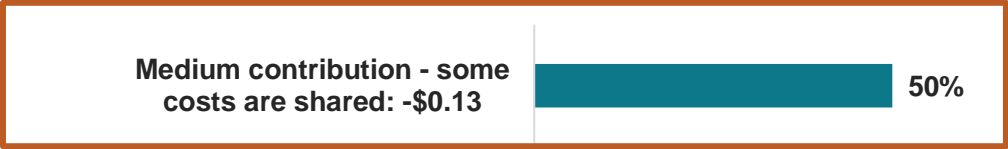
Accelerating capital recovery:



Small business customers: response areas voting (ctd)

Small Businesses voting on the response areas is included below. Voting was similar to residential customers for new connections and how Jemena manages its assets however, the group was relatively split on permanent disconnections and more thought the cost should be shared across the customer base, and the reasons are included below.

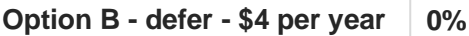
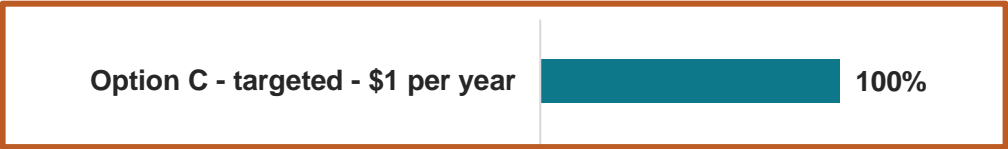
A new approach to connections:



"I went for the largest cost because it's still nothing at the end of the day."

"If you go down the medium path, you're not ripping anyone off and you're not ripping yourself off, you're trying to be fair between both sides."

How Jemena manages its assets:



"Fixing where it needs to be fixed is probably the best way to go."

Permanent disconnections:



"If you don't want it, you pay to get disconnected."

"If a customer's leaving, they've got a reason and they've been using your assets, my attitude is that they pay for it."

"For \$1,200, I felt it's a bit too high from a customer point of view if we can at least get that down somewhere probably to \$1000 or probably \$900."

"I think the fact that they're guiding us out the door should not come at a cost. (...) I think it should be spread across the board and whether it's borne by everyone else or whether it's subsidised by the government or Jemena covers a portion of it or whatever it may be. I don't think the individual should have to come up with that figure."

"You probably pay for safety, getting rid of that connection. There's definitely a cost attached (...) somewhere between a 50/50 split could be considered because I think it should be promoted if they want to go to some renewable energy source."

"I'd probably prefer an option that's spread across everybody. You don't know what you might do in the future."

** Note a small base. Also note that participants were given the same figures as residential customers and then the overall average residential customer bill for the year because of the timing of this session. They were informed by the Jemena team in percentage terms what this may mean for their gas bill in their business.

Feedback

Small businesses gave their final views on the engagement process and expressed interest in returning for another engagement session on tariffs.

Participants gave their views on the sessions and process and commented on what they most highly valued and what they wanted to be improved for next time:

- The transparency and the wealth of information
- Being involved early in the engagement process
- They felt their views were valued
- That Jemena team answered questions clearly and carefully
- Appreciated being informed of how other groups voted on the response areas for example, residential customers
- Valued having a say about new and existing gas infrastructure and how it could be funded
- Some thought more time was required to discuss topics in more detail.

"I think it was great to get your information; sitting here and being told that your views are very important, I thought as a reasonable [use] customer, I've had a different insight today. You know, I'm on your side, but it's very hard to predict five years from 2026. I don't envy you."

It's also good to know that things are going to happen, and maybe we're getting a little prepared for that."

"Sharing these details with us as consumers. Just so we know what's going on."

"Very intuitive and connecting. Motivating at the same time."

"With central utilities, I think there definitely has to be extensive consultation."

"Thank you very much for this opportunity."

"I would be interested to learn more about tariffs and how that's going to work out."

"Definitely for learning something new and getting to know some new stuff."

"I just wanted to thank you and your colleagues personally for the two very interesting and informative sessions on the future of gas. I thought the presentations were very well prepared and easy to follow from the perspective of a business and explained so much about the dilemma this industry faces. The group was well focused on the topics and issues raised clearly answered and explained."

"I think it was really informative."

"Loved it. As I said last chat, I agree with [name omitted] & appreciate that our views are as important as they are."