bd infrastructure

1 Jemena Tariffs Stage 2 - Workshop 1 Key Themes

1.1 What questions will you ask to help you deliberate?

n = 29 comments (9 for Group 1, 6 for Group 2, 9 for Group 3 and 5 for Group 4). Points highlighted in red text were marked as 'Burning question'

What help do you need from the Brains Trust...	Key points	Verbatim quote
... to help you understand how **gas pricing** works?	• How much can Jemena influence the overall price of gas? • How will fixed or variable costs influence the design of tariffs? • What's the relationship between network tariffs, gas consumption and the environment? • Can you charge different rates depending on the number/ capacity of gas appliances that households use? • More quantitative pricing data for residential and commercial customers would be beneficial. • Can customers have more choice re. the tariff they want based on their gas usage and when it is used? • What are the costs for connecting new users to the gas network? • What role do retailers play in influencing gas pricing? – If price caps don't work for Jemena how will they work for retailers?	*Why can't we choose the tariff we want to pay depending on our usage? Like electricity - e.g., can choose peak / off peak / shoulder / flat. For the customer that works better. For gas, what works for us - giving us more options and flexibility depend on the usage.* *Want to see some more example of proposal - specific examples and figures of combination cap. E.g., understand quantitatively (numbers) residential vs commercial customers seeing the graph would be good. Want to see who will be the 'winners' and who will be the 'losers' or level the playing field.*
... to help you consider fairness and equity around gas network tariffs?	• What is fair for vulnerable customers? • What tariff structure do retailers consider will be fairest for households? • Important to note that there are 'winners' and 'losers' with tariff reform. • Are there any supports (e.g., rebates) for people suffering from rising living costs? • Are current gas charges fair for smaller users? • What are the benefits for residential customers when they are split away from commercial customers?	*Fairness should be a key driver. What does the Brains Trust think? How do they think the risk should be shared?* *There's winners and losers from tariff reform. Possible for* *Individual customers/clients to choose tariffs?* *What does the sharing of risk look like under a hybrid?* *Can people suffering from cost of living crisis access rebates on their bill (not just pensioners). E.g., income threshold, stepped benefits*

What help do you need from the Brains Trust...	Key points	Verbatim quote
... to help you consider how to manage and share risks around uncertain and changing gas demand?	• How many customers will Jemena likely have in the future to help share costs? • What does the sharing of risks look like under a hybrid?	*Would love to understand Jemena's business projections e.g., how many customers are they losing/gaining YOY [year on year].*
… to help you understand how gas network tariffs relate to Net Zero targets?	1. What are the best environmental outcomes when changing tariffs? 2. What's the role of gas in achieving Net Zero? 3. What is being done to make electrification feasible? 4. What are the considerations of businesses who want to become more environmentally friendly? 5. Is there a sufficient and stable electricity supply? 6. What are the health issues associated with the ongoing use of gas? 7. Environmental impacts of mining for coal as opposed to drilling for oil and gas. 8. What is Jemena's future plan for their network?	*Electrification - would pursue if within scope. What's being done to make electrification feasible/viable?* *Stakeholder submissions reeked of "myopic self-interest". No one looked at the issue from a holistic perspective. E.g. your kids will be at higher risk of health issues with gas.*

1.2 How did you find the Stage 1 process?

n = 18 comments.

Rose	Thorn	Bud
What was good, motivating, exciting, or otherwise positive?	What was bad, frustrating, or otherwise negative?	What ideas do you have? What has potential?
n = 8 comments	n = 3 comments	n = 7 comments
• Explaining key points: – The way in which Jemena explained the purpose of the project. – The use of the tacos example in the Ready Reckoner • Engagement logistics: – Use of breakout rooms for group work activities – Participants could complete the homework exercise in their own time. • Participants showed respect and listened to one another during the online sessions. • Involvement of the Brains Trust.	• Project context only explained in the second workshops. • Need to keep participants focused on the tariffs subject matter to save time. • Size of breakout rooms was too large.	• Timing: – Additional time would be beneficial including for breakout rooms. – Time warnings would have been useful. – Too much work to take on in the time available.

1.3 Is there anything you're still unsure about?

n = 10 comments and questions.

You said	Jemena heard	Jemena's response
Gas usage		
To what extent do different types of tariffs impact individual gas usage?	This question is about how much impact tariffs have on individual (residential) gas usage.	• As you learned in the very first workshop in Stage One, on the 5 July, our current tariff structure means that some residential customers move through the blocks the more they use (see agenda pack slide 17) For example, residential customers with a gas heater, hot water and gas cooking with a large family home may move through the blocks more quickly and end up in blocks 3 or 4 very quickly. Currently, they pay less under a declining block structure.
What choice do renters have re the use of gas (or other) appliances in the property they rent?	This comment highlights the limited options renters have around the choice of appliances in their home.	• Other states with different energy policies for example, the ACT have introduced rebates for homeowners and low-income households to purchase electric appliances and install solar panels. • Here in NSW Premier Chris Minns is on record saying he has no plans to introduce a gas connection ban like the ACT or Victoria, saying the state has "enough serious energy challenges". You can watch the interview on 2GB Sydney here.
Gas pricing		
To what extent would an individual household notice a change on their bill if they moved between tariff blocks?	A question about how much difference does a tariff block make to a residential customer's bill?	• As you know, some residential customers move through the blocks the more they use (see agenda pack slide 17) For example, residential customers with a gas heater, hot water and gas cooking with a large family home may move through the blocks more quickly and end up in blocks 3 or 4 very quickly. Currently, they pay less under a declining block structure. • So, for very big or very small residential household users, we think any change would make a difference. We'll present the modelling on this in session 3 on the 6 December 2023 and look forward to your feedback then.
How does Australia's exporting of 80 per cent of its gas overseas impact local demand and pricing? How will exporting of gas help Australia achieve its Net Zero targets?	How does export of gas impact pricing and local demand here in Australia? How does exporting gas help to reach Australia's Net Zero targets?	• Both wholesale gas and electricity prices increased in 2022 due to energy market volatility. • Gas prices are influenced by local versus export demands and global export issues like the war in Ukraine. • Gas has seen price increases in recent years, but so has electricity, and the future price of gas is uncertain. • Gas plays a key role in the energy system and can act as 'insurance' when wind, solar, and, as we recently saw, coal is unavailable to provide electricity. • Because these other sources of electricity generation were constrained, it placed upward pressure on the price of gas to meet demand. • Gas and other energy sources are used differently from electricity, and this is reflected in their price structure, which is dependent on several factors, including policy, markets, and customer preferences. • In terms of Net Zero, the United Nations Paris Agreement, struck in December 2015 with 195 countries, agreed to reduce the carbon dioxide released into the atmosphere. With Australia committing to the Paris Agreement, and then in September 2022, the Federal Government formalised the pledge for Australia to achieve net zero carbon emissions by 2050. This was backed up by the Safeguard Mechanism, which introduces

		a decline in the baseline emissions of high-emission facilities. • State governments, including the NSW government, have set a net zero emissions target by 2050. Following the election of the NSW State Government in March 2023, we await policy direction development in this area, including details on the NSW Roadmap. Other states such as Victoria and the ACT, have introduced bans on new gas connections that make for an uncertain policy environment. • This is an exciting challenge for the energy industry in Australia; however, for Jemena Gas Networks, it means striking the right balance between individual rights and community benefits, between affordability, reliability and sustainability.
To what extent will gas users be influenced by price or will they just use the gas they require?		• This is a tricky question to answer, given the complexity of the gas supply chain and retail market. • As you know, Jemena is only responsible for the 'network' part of the bill, representing 35% of the entire gas supply chain. • We are currently consulting with customers on a new pricing plan. Our plan sets out how we will operate and maintain our gas network, the services that we will provide to our customers, and the prices that we will charge for delivering these services. • The engagement you are part of in these forums contributes to this plan, specifically on tariffs. The plan is detailed and will be submitted to the Australian Energy Regulator (AER) for review and approval. • However, we do adjust bills annually to keep up with inflation. • Retailers can provide payment assistance. It may be as simple as deferring your payment date or it could include a program for vulnerable customers and those experiencing financial hardship. • You can find a phone number or website link to visit on the back of your retailer's bill under the heading *payment assistance*. • You can also apply for bill relief via Service NSW.
Other organisations/ jurisdictions:		
How do other utilities structure their tariffs?	What are the tariff structure for water, electricity and other gas networks in Australia?	Different utilities have different structures according to what they are and customers' use patterns. **Gas** • For gas, a declining block tariff structure is used across all the other states in Australia. This is a historic decision made in a time of different policy and technology to encourage gas use and support network growth. Also, gas usage does not experience the same issues as electricity with peak loads (e.g., a peak load rate is often charged in the evening with more customers using household appliances after 6pm.) **Drinking Water** • For drinking water, residential customers are on a single volumetric or inclining block tariff. This was introduced to manage this scarce resource, which means customers are incentivised to use less water, particularly in drought. For example,

		some water utilities in Victoria introduced this structure in the last major drought. **Electricity** • Electricity residential customers are on single-rate tariffs, time-of-use tariffs and demand tariffs. This gives a fixed daily charge for network access and then a fee for electricity consumption. • The demand tariff customers pay a daily fixed charge and a flat rate for electricity used, as well as peak times based on demand— when it costs more to produce—like 3pm-9pm. • This also allows customers to reduce their total electricity bill by shifting use to off-peak times – sometimes aided by smart meters (note, all houses in Victoria have electricity smart meters)
What do other states do?	What do other states in Australia do?	• We're the only network that has a six-block structure (out of the six regulated distributed gas networks including Victoria, South Australia and New South Wales –the East Coast Gas Market) • All other states separate residential and commercial customers into a separate tariff; we're the only one that combines it. Currently, our tariffs are split into Country and Coastal regions.
Broader context:		
Will there be fewer gas customers in the future?	In the future will there be less gas customers on the network?	• That is what we're exploring with you, as any potential changes to the tariff structure will have implications for the customers on the gas network. We are forecasting new connections and gas demand to flatten then start to decline gradually over the next 5-year pricing period.
Important to also consider other issues aside from just the price of gas such as health.	This question is about the health risks of gas.	• We understand there are a lot of broader topics as part of the energy transition and the future of the gas network. • This question referred to some recent publications like the Climate Council of Australia, which linked cooking with gas to childhood asthma. • This forum is focused on tariffs; there is another customer forum dealing with broader issues related to the energy transition. We ask customers to consider tariff options when weighing up decision-making.

1.4 Our ways of working for this process

n = 2 comments.

Be ready to be challenged.

Everyone has a say.