

<b>Meeting Title:</b>	Workshop 2 with Brains Trust		
<b>Date:</b>	Wednesday, 22 November 2023	<b>Time:</b>	5-6.30pm
<b>Location:</b>	Zoom	<b>Security:</b>	Public

## DISCUSSION ITEMS

### Gavin Dufty – Equity and fairness in gas tariffs

- How do we define fair and vulnerable?
  - What does equitable costing mean?
  - Fixed costs are more related to socialising costs across the base, and variable is more targeted to individual households
  - Maybe everyone goes on flat, and then households opt-out to go on increasing or declining tariffs? there's also seasonal tariffs -- increase price during peak usage (Gavin Dufty)
  - Why, as a consumer, can't we choose inclining or declining or flat tariffs? seems easier to do in electricity?
  - Do people have control over how much gas they use? e.g. use a blanket instead of heating?
  - We only have hot water, but our supply charge is higher than our usage charge.
  - Gavin - this goes to social vs. individual cost. fixed charge is higher because your cost is socialised. your bill wouldn't change that much if you switched to a pure consumption charge. "
  - Why no focus on gas efficiency, given enviro and health issues
  - If everyone changes over from gas to electricity, how will this impact electricity prices
  - How do others who can't afford to change appliances and connections afford to do so? Same with renters.
  - Do people have a choice to change appliances
  - How do customers balance the cost to change appliances
  - What are the implications to the energy system for getting off gas?
  - Different appliances have different value. (e.g. nice to have a warm shower when its cold)
  - Consider what choice you have when using your gas appliances and how does fairness fit into this.
  - How do we allocate the costs?
  - Who pays for the costs to support the energy transition? Who wears the risk?
  - With gas pricing we consider the difference between fixed and variable
  - What is people's ability to move from gas to electric? How quickly can they move?
  - What is the current life of existing gas appliances and the cost of re-wiring?
  - How do tariffs support people's agency?
  - What complementary measures can working with changing tariffs (e.g. concessions)
  - How do pay for things that will never get used if you need to shut down the gas network. Should it be put in the fixed charge.
- In your opinion – how much can we affect what is the fixed and variable costs? Because Jemena's only part of the bill and we've just heard from a retailer that they can ignore them and create their own pricing structure anyway.
- If Jemena has to claw back its costs is it better to put into fixed or variable charges?
  - Can you explain the accelerated depreciation?

### Matthew Warren – Tariffs in the context of net zero

- Does the private sector run assets better than public?
- Are there any big movers in the IT space that will radicalise the industry?
- Is Natural gas safe
- Technological breakthroughs and getting the costs down will make a big difference in getting to net zero.
- Jemena's choice is to find renewable gas or start shutting down the network over time.
- Actually, delivering on reaching net zero is really difficult. E.g. we need to get 82% renewable by 2030 to meet existing targets.
- What will accelerate getting to net zero?
- Tariffs should be based more on equity considerations.
- Both gas and electricity have their challenges.
- Can Jemena find enough biomethane and green hydrogen, and will customers wait or will they convert to electric?
- Have about a decade to make renewable gases work.
- Could you elaborate on what you mean by replacing the gas we are using?
- What's the bottleneck to do that? e.g. is it customers, supply, collecting the organic matter to do that?
- Does that mean that anything we decide is not going to move us closer to net zero in this planning phase for Jemena?
- What are your thoughts on the individual state governments putting their own rules on no gas appliances in new builds?
- So you're saying we should make more landfill to generate more renewable gas?
- Circling back to your opening point - when you said changing the tariff structure isn't going to help us get to net zero?
- Matthew -- more people per household is more sustainable. there used to be 4 people per house, but now it's 2.8. That's not very sustainable.
- Matthew – change from gas to electricity -- not much impact on carbon emissions. coal is still polluting.
- Cheap and abundant storage -- needed to make renewables work
- Is the environment cost of gas and electricity the same?
- Reverse cycle is more efficient, probably better than gas from a sustainability perspective. but hot water tanks -- not? solar or heat pumps -- yes, more efficient.
- Matthew - tariffs can't address both equity and the environment. rich and poor households consume the same amount of gas.
- Matthew – the question is, can you make enough biomethane?
- Why would you turn electricity into hydrogen?

### **Zubin Meher-Homji – Gas pricing**

- Personally – declining block doesn't make much difference to my gas use because we have 1-3 products we use more in winter than summer. What's the benefit to the consumer? (ask Jemena - when they say change, what does it mean by change? what does it mean for me?)
- I can afford to drop in a new stove and everything, but for others they won't be. Others may be far more impacted in the future - and in future plan sections.
- A bit more information, please from Jemena about why these changes.
- I want to understand - why we are having this discussion again every 5 years? Why is Jemena changing it? (what's not working about what we have today if it's not working, don't change it)
- We don't use that much - stove and gas heater. So it is one of those things that has a real impact on potentially many people - not us personally. Not going to make me change my behaviour. What's the impact on other customers if there's a move away from gas?
- I'm not sure how a customer is in a position to share the risk. I'm not sure what the impact of sharing the risk would be. If gas prices changed dramatically, I would bail. A water heater and a new stove is not that expensive. People who are renting don't have the same option to be flexible with their supply. I'm not sure where we go.
- Isn't that any business? if you meet your sales target, you make more; if not, you make less.
- Are commercial customers paying the same prices as households?
- Separating residential and big commercial -- if commercial customers are charged more, will it benefit individuals/residents?
- if a business puts their prices up, let them do it! we don't have to buy tacos, but I can't stop heating my house. Should who's imposing the cost pay for it?
- How do declining blocks work? for bigger families, how would it affect them?
- Wouldn't separating residential and commercial customers end up shifting costs to customers even more? Do residential customers need to benefit from a declining rate, too?
- People with no kids are subsidising people with families!
- Can gas heat solar panels?
- There seems to be more clarity/detail in electricity bills compared to gas.
- Different policy settings between NSW and Vic.
- How will no customer be disadvantaged if we move away from declining blocks?
- Do you think governments will help people electrify
- With the government encouraging electrification, are people going to move away
- What type of customer (usage) are impacted by declining blocks
- Is it fair that small commercial pay the same as residential.
- Why can't we have a green gas tariff
- If we can use bio more, does that make using gas ok
- Tariffs are important for electrification - they can help ppl. move away from gas (diff. impacts for diff. customers)
- The way we price can influence people's decisions on whether they stay on gas or not.
- It's okay to not care about how we charge for gas or allocate risks.
- Understand more about the future of demand
- We have three levels of the billing chain. Why do we need the retailer?
- The economy gets more expensive the more people leave gas.

## Jordan Rigby – A retailer perspective

- So the variable price is more [impactful] than the fixed charge?
- How volatile is the price of gas?
- How has Jemena impacted the retailer journey to net zero by 2050?
- The demand for gas does impact the price of gas
- Demand issues differ between gas and electricity because you can store gas in the pipelines, whereas electricity is generated as it's required.
- How often do retailers ignore what Jemena does which would make what we do moot?
- Does Red Energy make more profit selling gas or electricity? E.g. if people stopped using gas tomorrow would they pay more for electricity because of the demand?
- Are there marked differences? we go on to the comparison website for electricity, but is it there for gas?
- If we passed all of the risk to Jemena what would red energy do for the customer?
- Do you guys retail out to small business SMEs?
- Which is the highest volume customer? Is it consolidation (in terms of volume) of household or more customer and commercial?
- Could we share the risk with Jemena so we could future-proof and turn it off one day?
- I am interested in the differences between residential and commercial customers.
- Would that translate nationally? I see AGL as the big retailer.
- What timeframe would you be looking at to go 100% electric (building the infrastructure needed?)
- It has an impact on what the retailer will pass on.
- To what degree will any Jemena tariff changes flow through to customers?
- Could you find specific retailers that give you inclining/ declining/ flat blocks?
- Lots of discussions on vulnerability, family, etc.
- From a retailer perspective, have people been leaving the gas network? Yes. but it's not full-blown. Over the next 5 years, it's not going to happen quickly. those who can afford will electrify, will do -- it's a luxury. people are saving up to pay their mortgage, not to electrify.
- Wholesale costs and transmission costs also affect the final retail bill
- Are we sharing the risk with Jemena, as well as the retailers? A: No, retailers are not included. Retailers will just take whatever tariffs are on offer and create a market offer/ product.
- If retailers have fewer customers, we have less buying power so it may increase costs.
- Sharing the risk -- does it cause more volatile prices? Yes, under a revenue cap.
- How have retailers tackled net zero?
- Retailers have looked at renewable gases, and electricity (a bigger portfolio). From a gas perspective, we have various mechanisms in place to implement.
- Are retailers regulated?
- Given that 80% of gas is exported, should we restrict this to drop the domestic market price
- Does a retailer have the same regulatory cycle as Jemena
- Are you a national retailer?
- What do you see the future trend to be, will growth continue
- Who puts the infrastructure in on new estates?
- Do you see a trend in gas usage up/ down over time
- For small gas users, will retailers remove the supply charge
- How competitive is the gas compared to the electricity market?
- Can we take any learning from overseas markets?

### Lessons and advice from Customers to Jemena

- One thing I'd like to know from Jemena is numbers and data - e.g. what it means for a family
- The thing I learned is we can't split off the gas network today - so that made me think we need to partner with our gas providers, we can't just turn it off - it takes time.
- Ratios between housing and commercial - what is the ratio between the two who pays more? Would like to see those things in numbers.
- A lot of good information I'm coming to know - keeping that in mind for the future. I don't like using electric compared to gas, the government is encouraging
- I feel like customers should have more impact in terms of choosing what they want - like electricity - paying peak off-peak and shoulder. So we've worked out.
- I was intrigued to find out there were solar panels to power a gas appliance - at an open house. Why isn't that being encouraged more? For example, if homes are being built correctly and they are buying the right things, I don't agree with them.
- Tariffs should be more customer-centric. The sharing ratio should be 70:30 (70% of the risk borne by JGN, 30% borne by customers)
- Splitting out residential and comm customers -- starting price point for residential customers should be lower.
- Observer -- need to consider supply vs usage charge
- Medium to large commercial customers should be incentivised not to waste gas.
- Splitting out residential and commercial customers levels the playing field
- Are the new tariffs sustainable/environmentally sound
- We cannot save the environment or lower bills
- We cannot please everyone
- Tariffs are trivial in the larger picture
- You can't shape tariffs to be affordable and help the environment at the same time
- Is a flat tariff a compromise?
- If we charge commercial more, they will just put up their product price
- What is the breakdown of usage with residential, commercial and industry?
- If Jemena changes its tariffs, it might impact different retailers more depending on their customer base
- Ensure customers will not be disadvantaged
- Use a different approach for businesses
- If the current tariff is not broken and won't help the environment, why change?
- Information to consumers will be key to retaining customers. Customers need confidence that gas will be available
- Why are retailers saying that Jemena bears the risk?