

Retailer forum six

Draft 2025 Plan consultation and walkthrough

Outcomes Report
Friday 23 February 2024
1.30 pm – 2.30 pm



Key themes

- Majority of retailers attending agreed that the Draft 2025 Plan reflected the sessions and discussions they had with the Jemena team in the lead-up to the creation of the draft plan.
- During the session, the Jemena team did not have any concerns raised from retailers in attendance that the content of the Draft 2025 Plan was not reflective of their feedback.
- Some of the words used by retailers to describe how well Jemena had incorporated customer and stakeholder recommendations included: “very well”, “holistic”, “seems balanced”, “comprehensive” and “pragmatic”.
- Some retailers were interested in the diverse voices in the consultation, including what young people said compared to the customer forum group and how their feedback might impact the energy industry
- Several retailers were very interested in the digital gas meter rollout in this next period and the potential it might have for future access arrangements.
- One retailer commented positively about the clarity and consultation of the RSA update.
- Two retailers commented that the Plan captures customers' needs in a dynamic and changing energy market and there needs to be an adequate budget for market changes allowed for.

“It’s very reflective of the sessions that we have had”

- Retailer, February 2024 workshop

“Liking the clarity and updating of RSA and communication.”

“Jemena has done a wonderful and comprehensive 2025 draft plan (sic), I feel this encapsulates customer’s needs in such a dynamic and changing energy market.”

- Retailer, February 2024 workshop

“Ensure adequate budget for market changes allowed for. Lots of changes coming up for various reasons.”

- Retailer, February 2024 workshop

Key reflections from retailers on key topics

During the discussion, retailers had particular feedback on key topics raised by the Jemena team and covered in the Draft 2025 Plan.

Topic	Reflections raised	Jemena's response
Digital meters functionality	<ul style="list-style-type: none"> Can the digital meters allow for heating value data, that may need to be more dynamic than current. In particular reference to the uncertainty ahead of biomethane that may be flowing through, that will be subject to regulations. 	<ul style="list-style-type: none"> Any biomethane injected into the network will be subject to regulations. The Draft 2025 Plan includes a proposal for 8,000 meters to be rolled out in hard-to-access residential areas. To achieve access to heating value data, Jemena would need to do a larger-scale rollout, and a cost-benefit analysis to evaluate the benefit to customers overall. Heating value data is not currently planned with this roll out over 2025-2030.
Digital meter rollout	<ul style="list-style-type: none"> One retailer raised that with 8,000 meters allocated for hard-to-reach locations, retailers may want to look at some more work to understand how those areas are going to be impacted. The retailer suggested an additional policy may be needed to capture this. Another retailer asked if Jemena can target digital meters for new connections. 	<ul style="list-style-type: none"> There's a lot of variables that may impact this where the meters are rolled out and Jemena will research and look into where it's required. Jemena is looking at a targeted approach to reduce the cost of roll out. If Jemena continue the rollout into the next access arrangement period it may be possible to expand the reach of these meters. Jemena is targeting hard-to-reach gas meters rather than digital hot water meters. Jemena is not focusing on the customers that have indicated they want a digital solution at this stage.
	<ul style="list-style-type: none"> Several retailers mentioned they would like to see the gas digital meter roll out. 	<ul style="list-style-type: none"> This support is noted. The Draft 2025 Plan has proposed 8,000 meters as an initial starting point.

"8,000 digital meters. Is Jemena thinking that will make a good dint into resolving problematic sites?"

"Would love to see a digital meter roll out."

"Can we target smart meters for new connections?"

"Understand the introduction of biomethane etc, but want comfort that heating values are well managed, and expect digital meters to help with this."



Key reflections from retailers on key topics (ctd)

Topic	Reflections raised	Jemena's response
Gas and energy policy	<ul style="list-style-type: none"> One retailer asked about the gas policy in NSW following the new connections gas ban in Victoria and some NSW Council areas. 	<ul style="list-style-type: none"> Jemena does demand forecasts to help predict and adjust to gas use. To remain responsive, it adjusts regularly based on AEMO and our independent forecast model done by Core Economics. The falling gas demand and the energy context is articulated in chapter seven of the Draft 2025 Plan.
Diversity of voices in consultation	<ul style="list-style-type: none"> One retailer asked about how did the feedback from the younger demographic differ from the older? Their follow up questions were: <i>Do you think that is going to make life harder for big industries like gas and retailers?</i> <i>Or is it encouraging the energy industry to do better?</i> 	<ul style="list-style-type: none"> The Jemena team outlined the main points of feedback from young people were about caring for the environment, expecting a more rapid pace of change and having a higher expectation of companies to make the hard decisions and wanting accountability. The customer forum heard this feedback and incorporated this into the recommendations it produced. Jemena has attempted to provide a balanced approach in the Draft 2025 Plan.
Support of vulnerable customers	<ul style="list-style-type: none"> One retailer expressed surprise that another retailer was not supportive of investment in vulnerable customer strategies as articulated in the feedback in the Draft 2025 Plan. 	<ul style="list-style-type: none"> The Jemena team outlined that the Draft 2025 Plan was about noting with transparency the diversity of views received, including dissenting voices on the proposed initiatives within the Plan.

"You struck me with an early comment about younger users of power, how are the younger demographic differing from the older?"

"Liking the clarity and updating of RSA and communication."

"Any thoughts on gas been (sic) banned in some Councils in NSW following Vic gas ban on new connections?"

Our proposed bill impacts
Breakdown by customer group

Customer Group	Number of Customers	Proposed Bill Impact	Average per year
Residential	1.48 million households	1.69%	\$5.2
Commercial	34K customers	2.22%	
Industrial	379 customers		

Update on Reference Service Agreement (RSA) process

- We are updating the RSA to incorporate changes to the NEM and our Reference Service Agreement to ensure it remains relevant and up to date as well as making changes where we experience it in the current period to support it is necessary.
- We have consulted with stakeholders and will continue to work with stakeholders and use our expertise to get feedback on the current RSA.
- Clearly, we will be sharing you a draft copy of the RSA for your feedback.
- We can also arrange for us to meet with you to discuss your feedback/queries/questions.
- Please advise who in your team should receive copy of the RSA, and if you have also indicated to us via our web resources.
- As a reminder, we consulted with you on proposed amendments to the NEM (NEM 5.0), including making the reference service agreement more robust, including adding further to the definition and defining reference service.

Incorporating stakeholder and customer feedback

Overall, the response from retailers was that Jemena had a balanced approach and was pragmatic. See Wordcloud below.



Methodology: What we did in the session

The session



- The objective was to inform retailers on the overall customer and stakeholder engagement and how Jemena has reflected their feedback in their Draft 2025 Plan, as well as highlighting the role of their feedback on influencing the initiatives and response options.
- The session also covered reorientation information to bring retailers up to speed with changes since we last met in late 2023.
- Jemena hosted some discussions so retailers could deep dive into how Jemena has incorporated feedback into the Draft 2025 Plan. Jemena also spent time capturing responses and reflections.

Attendees



There were eleven (11) attendees from regulation, metering and pricing across five (5) retailers including AGL Alinta, Energy Australia, Origin, and Red Energy. Participants were also sent some pre-reading, including the Draft 2025 Plan and a 16-page summary of the Plan.

Observers

There were two observers from the Australian Energy Regulator.

Format



The session ran for one hour on Microsoft Teams and used the engagement tool Menti to get feedback. The complete pack is included later in this document (see slide 10 onwards)

Overview

Section 1: Welcome back, purpose and overview of the Engagement Program and Draft 2025 Plan (35min)

This section focused on a reorientation and welcome, plus an overview of the engagement program and Draft 2025 Plan, including some of the detail coming up on the RSA and specifically covering tariff structures and pricing (including charging for new connections) which allowed for retailer feedback on this topic.

Section 2: Discussion and feedback (20min)

In this section, retailers gave feedback in answer to two questions posed by Jemena including: 1) *Any initial reflections?* And 2) *Reflections on how Jemena has incorporated customer and stakeholder recommendations into the Draft 2025 Plan.* This feedback was sought in two ways: through an anonymous Menti online engagement tool and via a two-way conversation with the team in plenary.

Section 3: Next steps (5 min)

To conclude the session, the team provided a wrap-up and what to expect for the next stages of retailer engagement.



Next steps

In the final part of the session the Jemena team provided an overview of the next steps including:

- Outlined the update to the RSA to incorporate changes to the National Gas Rules and Reference Service Offering in addition to the provision of a marked up copy of the RSA for retailer feedback and the arrangement of one-on-one meetings to discuss as needed.
- Noted submissions close on the 4 March 2024 for the Draft 2025 Plan to yournetwork@jemena.com.au or via the [submission form online](#).
- Noted feedback would be reviewed and examined in preparation for the Plan due on the 30 June 2024.
- Noted the next steps for opportunity to engage on the Plan may be mid-2024, as the Australian Energy Regulator consultation is expected to take place in second half of 2024.

Who attended from the retailers?

Name	Role	Organisation
Esta Psathas	Network and Metering Performance Analyst	AGL
Fiona Doherty	Network and Metering Relationship Manager	Alinta Energy
Jay Whelan	Pricing Operations Manager	Energy Australia
Jordan Rigby	Regulatory Manager	Red Energy
Katherine Blick	Team Manager	Energy Australia
Mario Iogha	Market Data Manager	Origin Energy
Mark Riley	Senior Industry Advisor	AGL
Rebecca Morrow	Senior Customer Connections Consultant	Energy Australia
Simon Kranz	Senior Pricing Analyst	Energy Australia
Troy Olcorn	Network and Industry Relationship Management	Energy Australia
Zinky Sharma	Energy Distribution and Metering Manager	AGL

Jemena team attendees + observers

Name	Role	Organisation
Dale Johansen - Observer	Director Networks Pricing	Australian Energy Regulator
Anita Bryant	Assistant Director	Australian Energy Regulator
Andre Kersting	Gas Networks Regulation Manager	Jemena
Catherine Marshall	Key Accounts Manager & JGN Commercial Stream Lead	Jemena
Lay Na Lim	Senior Regulatory Advisor	Jemena
Emille Kueh	Relationship Manager Energy Retail	Jemena
Merryn Spencer	Engagement Lead	Jemena
Nicolas Piedrabuena	Relationship Lead Energy Retail	Jemena
Spencer Little	Gas Networks Pricing Lead	Jemena

Retailer workshop slides

Walkthrough of Draft 2025 Plan

Online

Friday 23 February 2024



Acknowledgement of Country

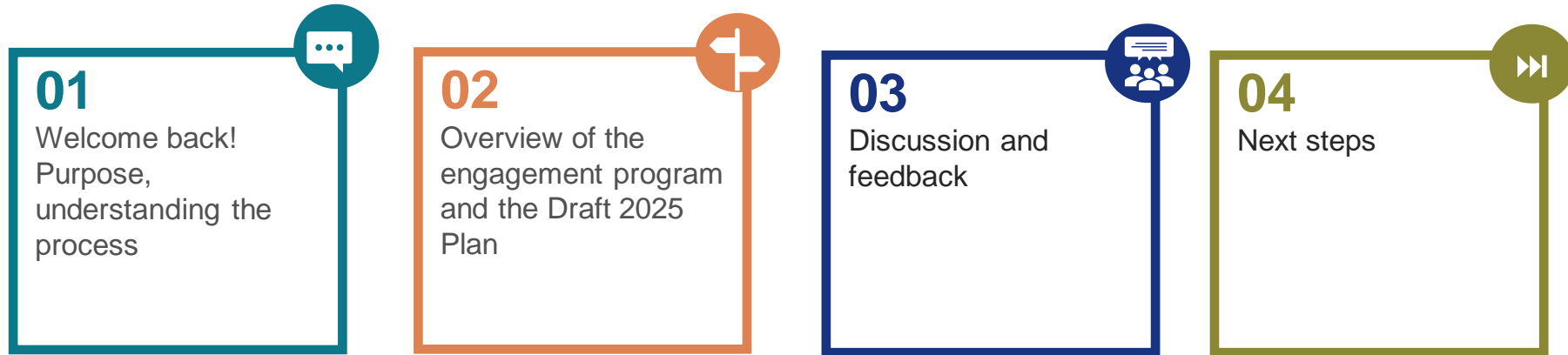
We acknowledge the Traditional Owners of the lands upon which we operate and recognise their continuing connection to land, waters, and culture.

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



What to expect in the workshop



Your guides

This session is being recorded!



Merryn Spencer
Engagement Lead (Jemena
Gas Networks)



Catherine Marshall
Key Accounts Manager
& JGN Commercial Stream
Lead



Andre Kersting
Manager Gas Networks
Regulation



Emille Kueh
Relationship Manager - Energy
Retail



Lay Na Lim
Senior Regulatory Advisor



Spencer Little
Senior Pricing Analyst

Obligations under the Competition and Consumer Act 2010

Jemena is committed to complying with all applicable laws, including the Competition and Consumer Act 2010 (CCA).

The Act covers the relationships between suppliers, wholesalers, retailers and customers. Its purpose is to promote fair trading and competition and provide protection to customers.

The provisions are aimed at deterring practices which are anti-competitive.

Therefore, in this meeting, we ask that you:

- Be mindful of the diversity of interests represented from gas and electricity distribution network and retailers and that our customer groups intersect.
- Do not share any commercial in confidence information which may be construed as promoting or enabling a cartel, price-fixing or misuse of market power.
- Respect the opportunity to be open and share information within the Chatham House Rules
- Participants are free to use the information received but neither the identify nor the affiliation of the speakers nor that of any other participant may be revealed.
- If you would like to be able to share any presentations or reports from the meeting, then please seek the permission of the speaker or presenter.

The Act is also responsible for the establishment of the Australian Energy Regulator. It is worth reminding ourselves that the purpose statement of the AER works under is to make all Australian energy consumers better off now and in the future.

It is in that spirit that we come together today.

Please be aware of these rules and conditions.

2025 Plan timeline



Purpose of today: seeking feedback on the Draft 2025 Plan

Recap: retailer principles of engagement



Transparency and information sharing: having an agenda, sharing information quickly



Clarity: no questions are stupid, on the same page, illustrate comprehension



Positive and open communication: consistent and timely sessions



Genuine collaboration: active participation, authentic participation

Reminder for Zoom:

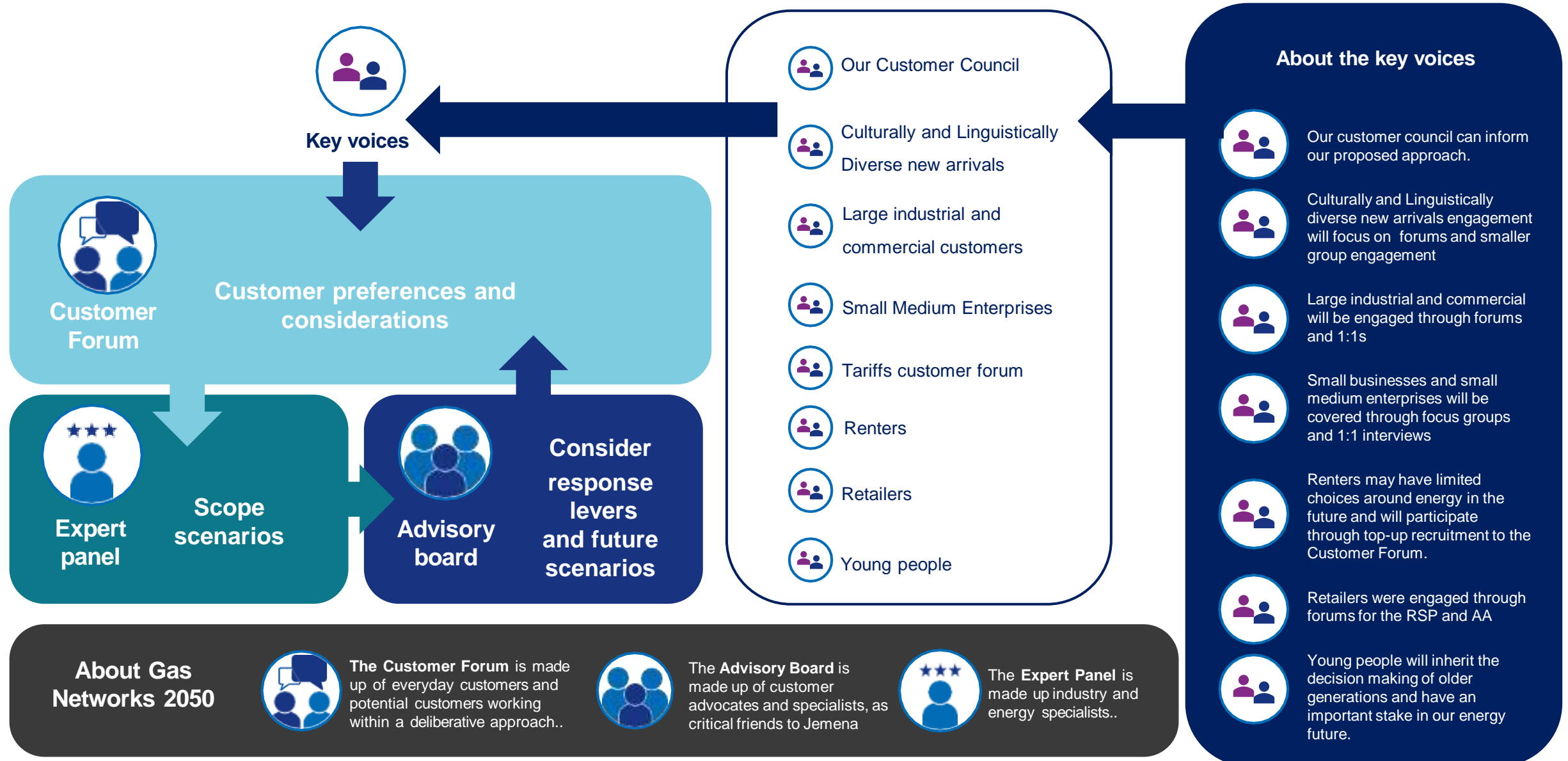
- Raise your hand if you want to speak
- Mute your microphone when not speaking
- Use your real name and organisation

Setting the scene

- Significant **uncertainty** surrounding the future role of gas networks in the Australian energy landscape - the transition toward net zero carbon emissions by 2050 will require a once-in-a-generation transformation of the energy system.
- **A complex challenge** for JGN and our customers. The transition will have significant and different implications for our diverse range of customers.
- It is **imperative that we act now** through an adaptive approach to planning and maintaining optionality/flexibility.
- To help understand and manage uncertainty, we established **Gas Networks 2050** to work with stakeholders and customers to understand what the future might look like.
- We've also considered the **changes to the energy objectives**, to the gas regulatory framework and to accommodate the development of renewable gas.
- Recognising **affordability and cost of living pressures** impacting customers today, we have also sought to carefully balance the need to take action now against the short-term price impacts of our plans. We believe that our Draft 2025 Plan, which has been shaped by the feedback of our customers, reflects a balanced approach.
- Our customers recognise that there is a need to act now, and were not supportive of us delaying taking action.



Gas Networks 2050 and Draft 2025 Plan engagement



Our engagement at a glance

The engagement we've completed to date has gleaned customer insights through in-depth consultation. So far, it includes:



3,706

Total customers and stakeholders engaged overall



181

Engagement hours



88

Engagement events



221

Stakeholders and customers engaged through face-to-face and online workshops



11

Advisory Board workshops with 10 members



2,098

Visits to our online engagement platform yournetwork.jemena.com.au



13

Small businesses attended 5 focus groups



6

Sessions with young people and CALD community representatives



4

Expert Panel workshops with 6 Members



40+

Customers and non-customers contributed to 48 hours of deliberation in our main customer forum



2

Workshops with 23 large users



5

Workshops with 13 gas retailers plus 1:1s



1,500

Households that participated in an online willingness to pay survey



29

Customers contributed to 23 hours of deliberation in our tariffs customer forum

Topics explored with our different customer groups

Topic	Changes to our connections policy	Asset replacement program	Accelerated depreciation	Investments in renewable gas connections	Updates to tariff variation mechanism and tariff structures	Vulnerable customer initiatives	Digital metering	Managing permanent disconnections
Customer forum	✓	✓	✓	✓		✓	✓	✓
Key voices			✓	✓		✓		
Gas retailers	✓		✓	✓	✓	✓	✓	
Small businesses	✓	✓	✓	✓	✓			✓
Large users		✓	✓	✓				
Tariffs customer forum					✓			

Retailer engagement stages and feedback

1







- Early information gathering
- Consultation on the Draft Reference Service Proposal (RSP)
- Publication of draft RSP

2

- A series of five (5) retailer forums took place in 2023 focused on different topic areas




3

- One-on-one sessions with retailers as required on the RSP.


Topics	Feedback we received	How we are responding
 How retailers would like to be engaged	<ul style="list-style-type: none"> • Value open and positive communication, and transparency, receiving information in a timely manner. • Engage in an online environment using online tools. • Frequency and timing of engagement is important. 	<ul style="list-style-type: none"> • To understand the needs and expectations of retailers, we have undertaken an extensive engagement program (see chapter 2).
 Planning for the future	<ul style="list-style-type: none"> • Interest in renewable gas, when it becomes available. • Industrial customers will need gas for a more extended period, and use a lot of gas, so renewable gas can offer a solution. 	<ul style="list-style-type: none"> • We propose to invest in renewable gas connections to biomethane suppliers. This means that customers – including industrial customers – can access renewable gas sooner and provides energy security (see chapter 4).
 Digital metering	<ul style="list-style-type: none"> • Overall retailers are supportive of digital meters, and think that they would help improve the customer experience. • One retailer did not support digital metering in the context of the uncertain role gas will play in the future. 	<ul style="list-style-type: none"> • We are proposing to replace 8,000 ageing, defective and hard-to-reach meters with a digital meter. (see chapter 4).
 A new approach to connections	<ul style="list-style-type: none"> • Most retailers agreed with our proposed changes to our connections policy so that more customers are required to make an up-front contribution if they wish to connect to our network. 	<ul style="list-style-type: none"> • We are proposing to update our connection policy (via changes to our Model Standing Offer) (see chapter 4).
 Assisting vulnerable customers	<ul style="list-style-type: none"> • A majority of retailers told us they are supportive of assisting customers in need, with a number reporting that customers are asking for gas bill assistance for the first time. • One retailer was not in favour of us assisting vulnerable customers. 	<ul style="list-style-type: none"> • We are proposing to enhance our vulnerable customer program by exploring ways to expand existing initiatives such as our involvement in key community support programs (see chapter 5).
 Tariffs and form of control	<ul style="list-style-type: none"> • All retailers voted in support of splitting large volume customers and reducing number of tariff blocks. On tariff structures, retailers were split between the risk sharing approaches and supported both hybrid option 2 (73%) and 3 (70%). 	<ul style="list-style-type: none"> • Remove differentiation between country and coastal, reduce the number of tariff blocks from six to four. Differentiate between large and small/medium customers. Based on feedback received we are proposing to move to hybrid option 3 (see chapter 9).

Customer forum recommendations

Jemena, We, Jemena Gas Network Customer Forum, have met several times over the last ten months both in person and online to discuss the future of Jemena, the gas power industry, and the appropriate regulatory response for the next five-year period. We have heard from a diverse range of speakers both within and outside of Jemena and have learned a great deal about relevant and industry topics new to many of us. Based on our understanding of the gas industry and problems of an uncertain energy transition, and the input of the youth forum and culturally and linguistically diverse communities, through an ongoing democratic and inclusive listening/discussion process we have come together in agreement of regulatory responses to present these final recommendations.

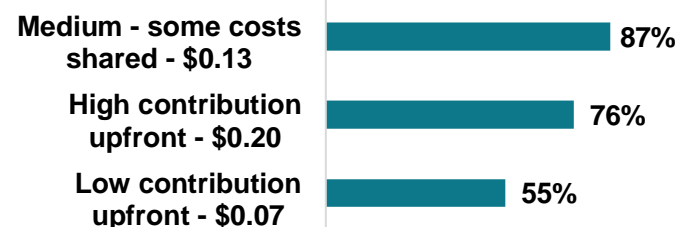
The recommendation (we want Jemena to...)	Context	Why this is important	Our response
 <p>Recommendation 1 - renewable gas strategy for supporting customers.</p> <ul style="list-style-type: none"> Support the best cost-effective strategy & environmentally friendly pathway moving forward. Consider how costs are distributed around the customer base. We are in favour of equitable distribution. 	<ul style="list-style-type: none"> This is in the best interest of current and future generations of customers & society as a whole. 	<ul style="list-style-type: none"> Customers feel valued & respected in terms of their voices and opinions being heard and taken into account at all times. We are supporting the best interest of future generations. Financially viable for all customers regardless of circumstances. Benefits include the positive impact on the environment while still supporting sustainability at the same time. Hydrogen, biomethane and other emerging technologies are to be observed and considered and prepared for potential scale once the most attractive and accessible options are ready for the commercial and residential market through the Jemena infrastructure. This is directed at biomethane and hydrogen when it becomes more readily available. 	<p>See section 2.4 balancing the diverse views of customers</p> <p>See section 4.2.2 investing to connect renewable gas within our planned capital investments</p>
 <p>Recommendation 2 - renewable gas reliability and safety</p> <ul style="list-style-type: none"> Invest in building a reliable renewable gas network while avoiding unnecessary redundancies (i.e., effective management & cost control). To continue to invest and research in pilot studies and trials to properly study the safety of new/renewable gas networks (all aspects - from supplying, distribution, consumers, storage, etc.). Benchmark and develop consensus and industry standards for reliability and safety relating to renewable gas networks. Develop appropriate transparent internal policies and measures for the management of operational, environmental, and safety risks; involve relevant subject matter experts in these. Ensure that after the energy transition, there will be no increases in fire and explosion risks. 	<ul style="list-style-type: none"> We know that major testing is being conducted on safety and reliability of the new renewable energy sources; results should be objectively evaluated and considered before decision making and implementation of network modifications. We know that the chemical and safety characteristics of some of the renewable energy sources (e.g., hydrogen) increase the risks of fires and explosions - these all need to be considered for safe use, handling, and storage of the energy sources. Focus on biomethane which only requires existing infrastructure. Business continuity. 	<ul style="list-style-type: none"> To make sure the safety of the consumer and the network are in place, so all policies and procedures are followed. To see the pragmatic aspect and check practicality (new technologies always have to be tested in the field) of the system modifications and adopted measures. Fires and explosions and related injuries and deaths already occur with natural gas; to use a more risky energy source would require a great focus on proper risk mitigation and implementation strategies. 	<p>See chapter 4 our planned capital investments</p>
 <p>Recommendation 3 - renewable gas advocacy and communication</p> <ul style="list-style-type: none"> Jemena needs to have a more public presence and speak up in the media. Speak with the Federal and local government and councils about Renewable gas advocacy and planning for the future. Educate all stakeholders to ultimately reduce the numbers of customers leaving gas over safety concerns. 	<ul style="list-style-type: none"> Without doing anything, there is inconsistent policies. Some customers are concerned about the safety of using gas indoors, whereas it's been in use for centuries. 	<ul style="list-style-type: none"> The total reliance on one form of energy could be disastrous. By following these recommendations, the public is reassured of the safety and reliability of gas. Present to the public that Jemena believes safety is non-negotiable. 	<p>See chapter 3 responding to the energy transition</p>

Customer forum recommendations (continued)

The recommendation (we want Jemena to...)	Context	Why this is important	Our response
 <p>Recommendation 3 – renewable gas advocacy and communication (continued)</p> <ul style="list-style-type: none"> Recognising everyone's knowledge varies, so supply more information so there isn't any misinformation when educating everyone. To communicate with their customers on the future of renewable gas with a personable approach, so that customers don't abandon the company. This could include cost comparison between electricity and gas. Communicate that the option of bio-methane is an environmentally friendly solution. 	<ul style="list-style-type: none"> Banning gas is not speaking for the people and allowing choice. The importance of educating the public on the different options of gas. 	<ul style="list-style-type: none"> By utilising the bio-methane, as an option, we are protecting the environment by having another renewable gas option. For Jemena this means it's a more affordable option because they don't have to change the infrastructure. By implementing these recommendations Jemena ensures fairness for vulnerable existing and new customers and for the company itself. 	<p>See chapter 3 responding to the energy transition</p>
 <p>Recommendation 4 - Affordability</p> <ul style="list-style-type: none"> Ensure that any investment in the gas infrastructure that is necessary for the energy transition doesn't leave behind those customers who may be more sensitive to price rises. Finding a balance between rising cost of living and retaining customer base Undertake as many initiatives as possible to incentivise people to keep themselves a gas customer. Subsidise connection costs for new customers to help increase new connections which in turn can help spread costs over a larger base and make it more affordable. 	<ul style="list-style-type: none"> People are struggling to pay their bills. Inflation will only make this worse. Jemena needs to invest by increasing cost, but too much increase will lead to customers finding other solutions and leaving the gas network. There will be a short term (five year) financial hit due to accelerated asset recovery in order to reduce the rate of bill increase in the future. This is understood but means special care needs to be taken for those needing help with this increase. 	<ul style="list-style-type: none"> Society has a moral responsibility to make sure that energy sources are affordable - it's an essential service. Certain people may have more of a cultural reliance on gas (e.g., cooking) and shouldn't be discriminated against. 	<p>See chapter 9 pricing for current and future generations</p> <p>See chapter 3 responding to the energy transition</p> <p>See chapter 6.3 on depreciation</p> <p>See section 4.3.1 connecting customers to our network</p>
 <p>Recommendation 5 – vulnerability</p> <ul style="list-style-type: none"> Use their profits to help vulnerable customers and invest to make it fair for customers. At the same time support customers who are willing to share the costs in supporting vulnerable customers. Support vulnerable customers to have a choice with gas. To have a balanced approach on investment and the need to increase costs to customers. 	<ul style="list-style-type: none"> People have a basic need to keep warm and safe when using gas. More choices for customers on types of energy offered whilst the costs are competitive in an open market. Keep as many customers and open to new customers to keep costs down. Jemena shows they care about all customers no matter what their circumstances are and offering financial assistance to vulnerable customers without passing the increased costs to mainstream customers. 	<ul style="list-style-type: none"> If people can't afford household gas, they may bring unsafe and unapproved gas appliances inside their home. Supporting vulnerable customers is essential as we can all become vulnerable due to an unexpected change in circumstance. Maintaining or increasing customers keeps gas prices down to all customers. By Jemena showing care to their customers in good and difficult times, it brings more positive feedback to Jemena. 	<p>See chapter 6 our proposed vulnerable customer initiatives</p> <p>See section 3 responding to the energy transition</p>
 <p>Recommendation 6 – regulatory response options</p> <ul style="list-style-type: none"> Take these 7 recommendations into the future... while considering that these are the result of collaborative work from a diverse group of people and summarise a wide range of opinions. In addition to the recommendations produced from this group, we believe Jemena should continue to incorporate the summarised opinions from the youth and CALD groups, which do not entirely align with the final preferences presented here today. 	<ul style="list-style-type: none"> We believe that any decisions should be made with the future of all Australians in mind, and be measurable, tangible and proactive. Many of the preferences fall into a 'middle ground' which may slow change in either direction. If these decisions continue to be delayed, we only pass these issues on to the next round of participants in the Jemena public forum in 5 years. 	<ul style="list-style-type: none"> Jemena has curated a diverse group of people to ensure these recommendations align with the needs of the broader community. This recommendation is important because it has been the result of a long, collaborative process, and Jemena should respond to and act on these suggestions in a timely manner 	<p>See chapter 3 responding to the energy transition</p> <p>See section 2.4.7 balancing the views of diverse customers and stakeholders</p>

Customer forum voting on the initiatives (response options)

A new approach to connections



"While it is important to encourage new customers a nominal share in the cost of connection helps future proof everyone..."

How Jemena manages its assets

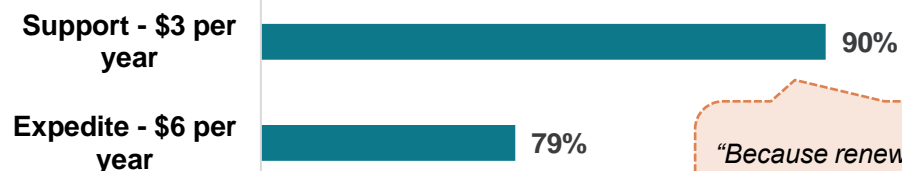
Option C - targeted - \$1 per year 90%

Option B - defer - \$4 per year 73%

"Safety and reliability are important factors to ensure sustainable use of energy in the long run."

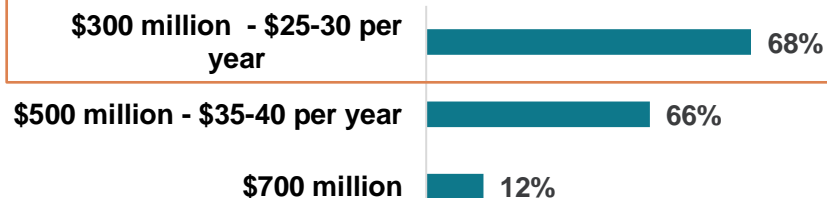
"Thinking in terms of what is most likely to be a future with more electrification, it makes sense for rehabilitation to be targeted."

Moving towards renewable gas



"Because renewable gas should be an option choice for customers who want to use gas."

Accelerated depreciation



"I support this option (or even higher) as long as vulnerable customers are properly supported..."

Supporting vulnerable customers

Do more - 30c per year 92%

"Helping someone in need is integral to maintaining business and connections..."

Permanent disconnections



"Disconnecting customer should pay..."

Digital meters

Aged / defective (8,000 meters) - \$1 per year 84%

All hard to access (36,000 meters) - \$1 per year 63%

Hard to access, aged and defective (70,000 meters) - \$1 per year 63%

Hard to reach, aged and defective, and internal (245,000 meters) - \$3 per year 35%

"Replacement when needed makes the most sense."

What we've learned from you

We have engaged with over 3,500 customers and stakeholders since mid-2022. This has included key stakeholders such as retailers, large gas customers and small businesses. We've also engaged with our residential customers at forums and have met with over 40 participants seven times to date.

Our engagement with customers observes the benchmark for the industry, the Better Resets Handbook, and the International Association for Public Participation Core Values Framework inspires us.

It is important that all voices are heard, and our key voices engagement has included meeting with young people and culturally and linguistically diverse communities to hear their views.

From our conversations to date:

- Our **Residential customers** told us they would like to see renewable gas provided reliably and safely, and renewable gas education and communications. They also said affordability and looking after vulnerable customers is important over the next five years. They believe that Jemena should incorporate energy options for young people as well as those that are culturally and linguistically diverse, with decisions made with all Australians in mind. These decisions need to be **measurable, tangible and proactive**.

- **Large customers** have an interest in using renewable gas to meet net zero goals, however, they are also concerned about rising prices and affordability.
- **Small businesses** are most concerned about affordability and pricing, and what the energy transition may look like for their business, as this may impact their investment decisions in things like appliances.
- **Retailers** told us that choice was important when it came to energy. They also agreed renewable gas should be considered and were in support of additional assistance for vulnerable customers.
- We also spoke to our **Advisory Board**. Its feedback emphasised the principles of 'do no harm' when considering impacts on customers. It also highlighted that the energy transition will require extensive investment, communication and consultation, and that looking after the most vulnerable customers in this is vitally important.

Our Advisory Board are a group of external stakeholders that we established to critique and review the various initiatives that we could adopt to best position us for the transition of the energy market, ensuring they are in keeping with the long term interests of our customers.

The role of the Advisory Board is to:

- Consider what role Jemena Gas Networks might play in a decarbonised energy market and envisage what this means for our customers, stakeholders and communities.
- Challenge and test us as we collaborate on potential scenarios and initiatives to respond to these challenges and consider how we might transition our gas network to achieve our ambition of zero net emissions by 2050 and meet the long term needs of our customers.
- Provide guidance on the most effective ways to present complex concepts, strategies and scenarios to our customers. Help us to help them understand the challenge, the drivers of change and the trade-offs required so they can provide well-informed feedback.
- Provide input and advice for our 2025-2030 regulatory proposal to ensure it is accessible, culturally sensitive and allows for input from our customers to help shape our future direction.

Our Gas Networks 2050 Expert Panel consisted of industry and energy experts.




Using their deep technical expertise and knowledge of the energy market, the Expert Panel developed four plausible future scenarios for the NSW energy system, including the role of our gas network out to 2050.

Balancing the diverse views of our customers

- Both the Youth Steering Group and the CALD Group offered feedback that contributed to the Customer Forum's recommendations.
- In crafting our Draft 2025 Plan, we aimed to hear a range of **diverse customer views**. Working with the Customer Forum, participants reached a consensus on initiatives, acknowledging diverse perspectives.
- In formulating our Draft Plan proposals, we have been guided by the recommendations of the Customer Forum but have also considered feedback from various customer groups.
- A **final workshop with all forum participants and key voices** is being held Sat 2 March 2024 to test whether our Draft Plan aligns with the Customer Forum recommendations.



How the initiatives in the Draft 2025 Plan line up with customer values

Focus area	Initiative		Customer values	For further information see
Inter-generational equity 	How we manage our assets	<ul style="list-style-type: none"> Our expenditure forecasts include investment in new technologies that will help us to reduce emissions and allow us to invest in our assets in a more targeted manner. 	Reliability and safety	Chapter 4
	A new approach to connections	<ul style="list-style-type: none"> We will make changes to our connections policy so that more customers to make an upfront contribution to connect to our network. 	Fairness	Chapter 4
The transition to net zero 	Accelerated depreciation	<ul style="list-style-type: none"> To ensure fair recovery of costs from our customers across generations, we propose to speed up recovery by \$300 million. 	Fairness Affordability	Chapter 6
	Supporting renewable gas connections	<ul style="list-style-type: none"> We propose to support connections to nine biomethane projects. 	Fairness Affordability Access to the gas network (choice) Environment	Chapter 4
Pricing for the future 	Simplicity, cost reflectivity, and risk sharing	<ul style="list-style-type: none"> We are proposing to remove the distinction between country and coastal customers; differentiate between large and small customers; and reduce the number of tariff blocks from six to four. We are proposing to move away from a price cap tariff variation mechanism to a hybrid mechanism. This enables more stable pricing and sharing of volume risks between us and customers. We are providing large customers on Chargeable Demand (CD) the opportunity to reset CD at the start of the 2025 Plan period. 	Fairness	Chapter 9

The Draft 2025 Plan is proposing to make changes to our basic connection services which will be facilitated by updating our Model Standing Offer.

Planning for an uncertain future



Scenario 1: Electric Hare

War-time effort, with ambitious policies for net zero and rapid decarbonisation, supported by customers



Scenario 2: Big Hydrogen

Government	Social	Technology
Strong electrification policies	Community committed to decarbonisation	Slow technology development for H2 & biomethane
Economics	Customers	Decarbonisation
High energy prices leads to intervention	Rapid adoption of electrification	Rapid decarbonisation

Government	Social	Technology
Strong renewable fuel policies	Community committed to decarbonisation	Rapid technology development for H2 & biomethane
Economics	Customers	Decarbonisation
High costs initially, but rapidly fall	Some pay premium for renewable gas amenity	Rapid decarbonisation

Biomethane focus limited to hard to abate / gas-dependent users and Hydrogen is a niche product.

Renewable gas penetration

Biomethane is a stepping stone to the Hydrogen mass market.



Scenario 3: Electric Tortoise

Government	Social	Technology
Policies reactive to price shocks	Community focus on affordability	Slow technology development for H2 & biomethane
Economics	Customers	Decarbonisation
High energy prices leads to intervention	Slow to convert	Slow decarbonisation



Scenario 4: Market Hydrogen

Government	Social	Technology
Policies based on incentives & price signals	Community focus on affordability	Rapid technology development for H2 & biomethane
Economics	Customers	Decarbonisation
Commercially competitive H2 market	Some pay premium for renewable gas amenity	Slow decarbonisation

Policy is outcomes-based and low intervention, with a focus on economic affordability.
Decarbonisation is driven by the market.

Market led vs Government led

Draft Plan initiatives

The Draft Plan also includes the following initiatives with consideration given to retailer feedback:

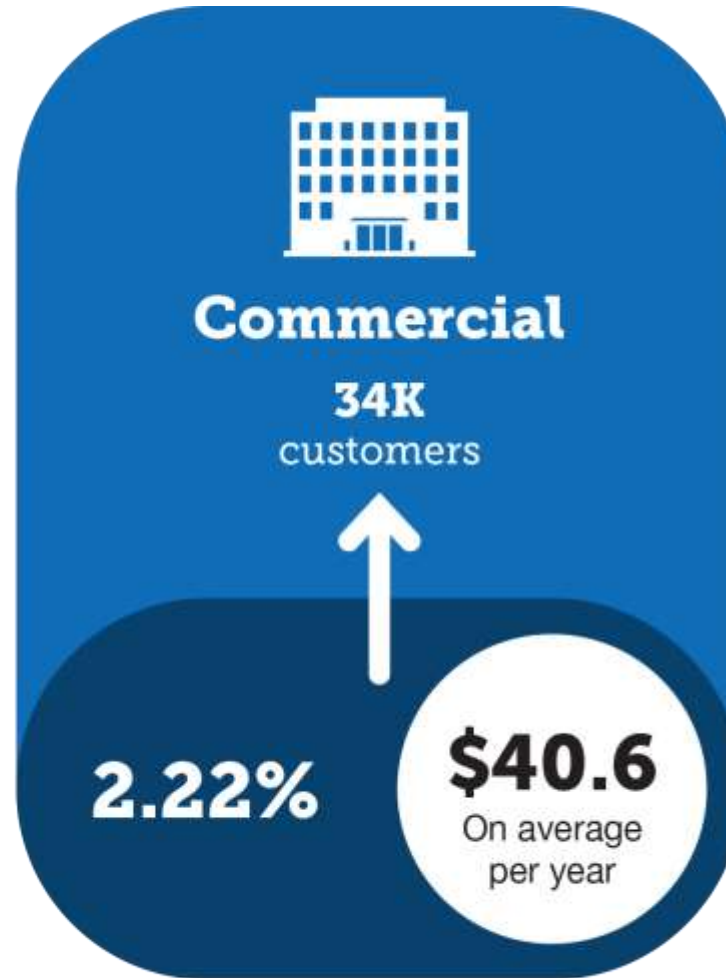
- In line with customer forum feedback, we are proposing to maintain our current approach of charging the customer an abolishment fee and not share the costs across the customer base. Note the AER may come to a different view on this.
- We are proposing to include \$0.5M per year in our operating expenditure and continue to work with customers via focus groups to refine the vulnerable customer program
- We are proposing to replace 8,000 ageing, defective and hard to reach meters with a digital meter.

Our proposed bill impacts

Breakdown by customer group

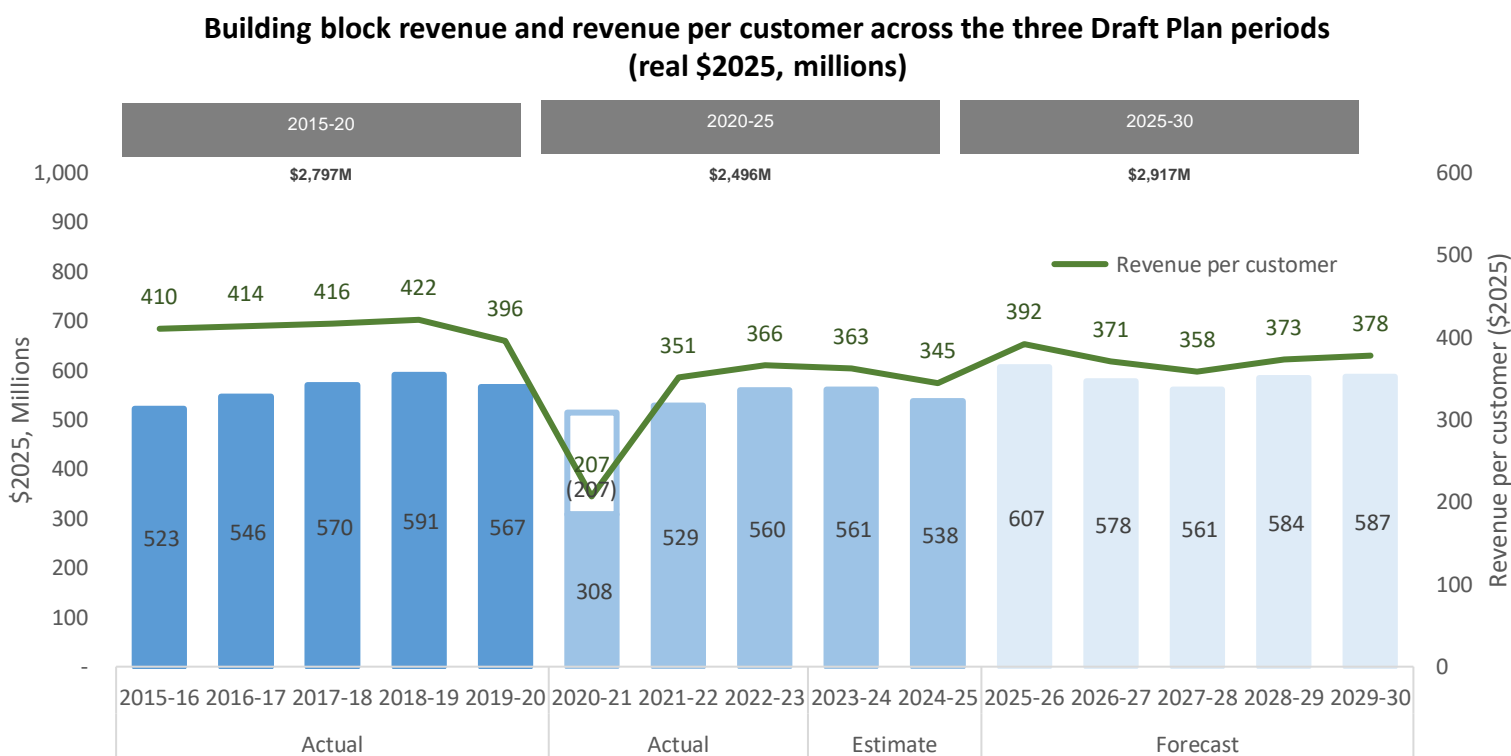
* All dollars reported in \$2025 real

Indicative bill impact (network component)



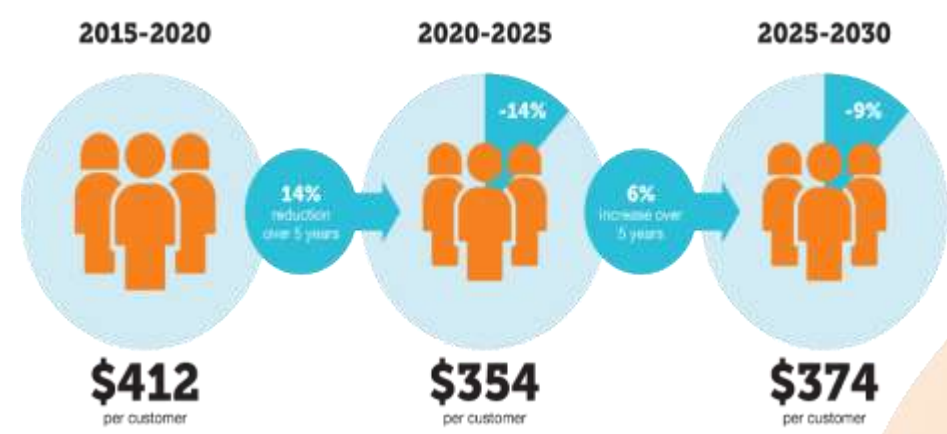
** Note the price impacts are calculated based on 15 GJ annual consumption for a residential customer, 300 GJ for a commercial customer, and 350GJ of Chargeable Demand for an industrial customer.

Breakdown of building block revenue



	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Return on capital	206	202	198	192	185	984
Depreciation (return of capital)	92	100	110	120	131	552
Operating expenditure	263	262	259	256	252	1,293
Incentive schemes	35	3	(17)	4	6	32
Net tax allowance	11	10	11	12	13	56
Annual revenue requirement	607	578	561	584	587	2,917
Price path (in real terms)	1.89%	1.89%	1.89%	1.89%	1.89%	
Price path excluding incentive schemes (in real terms)	1.50%	1.50%	1.50%	1.50%	1.50%	

Revenue per customer across the three Draft Plan periods

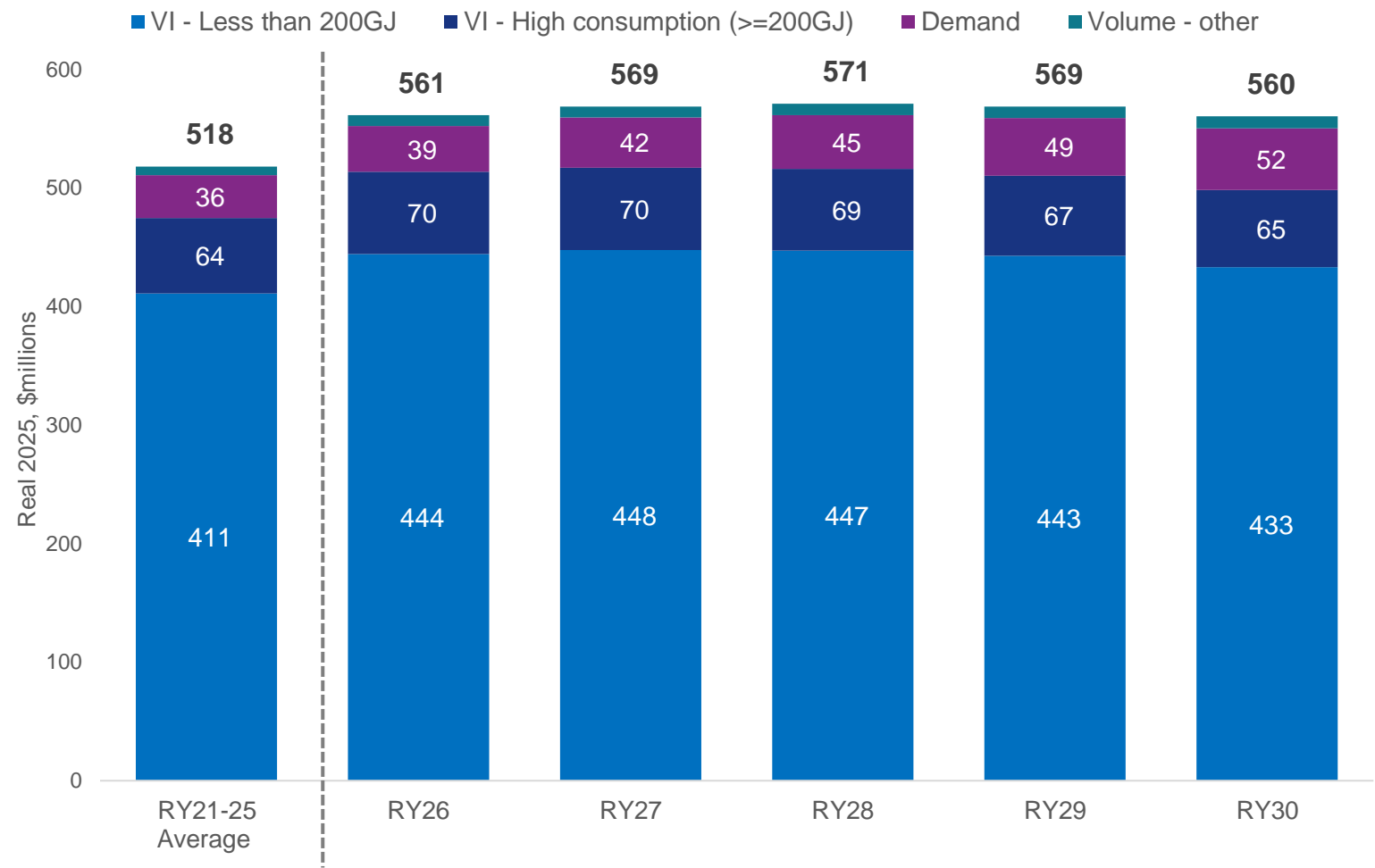


Note: In 2020-25, we returned approximately \$207M of revenue we received from customers in the previous period. This hand back was made by adjusting our 2020-21 revenue.

Update on tariffs: pricing principles

Pricing principle	How do we plan to meet this
Cost reflectivity: the prices charged for services reflect the underlying costs of providing those services.	<ul style="list-style-type: none"> – To improve cost reflectivity, we are splitting out large volume market customers as a separate tariff category. This will allow us to develop more cost-reflective tariffs for this category of customers and reduce the number of tariff blocks. Over time, the cost drivers for each customer segment will change and evolve. – To more accurately capture the utilisation of our network by demand customers, we plan to incrementally increase the proportion of revenue we recover from this customer segment.
Price stability: minimising large tariff variations to help customers manage bills in future	<ul style="list-style-type: none"> – To avoid bill shock for smaller volume market residential and commercial customers we are continuing with declining tariff blocks.
Simplicity: understandable and avoiding unnecessarily complex tariff structures	<ul style="list-style-type: none"> – For simplicity, we propose to remove the geographic location distinction (that is coastal and country) for volume market customers and reduce the number of tariff blocks.
Revenue adequacy: efficient cost recovery to generate sufficient revenue to cover the costs of operating JGN's network	<ul style="list-style-type: none"> – The prices we propose will reflect the forecast gas volumes we expect in the next regulatory period and enable us to recover revenue to meet our efficient costs.
Fairness: usage cost is according to costs of the network and covers equity considerations like cost of living pressures.	<ul style="list-style-type: none"> – The separation of large volume market customers will allow us to charge a higher fixed charge from large volume customers relative to smaller customers. In addition, our overarching Draft 2025 Plan proposal seeks to balance the need to act now to support intergenerational equity, while keeping in mind current cost-of-living pressures.

Proposed changes to revenue recovery from different customer segments



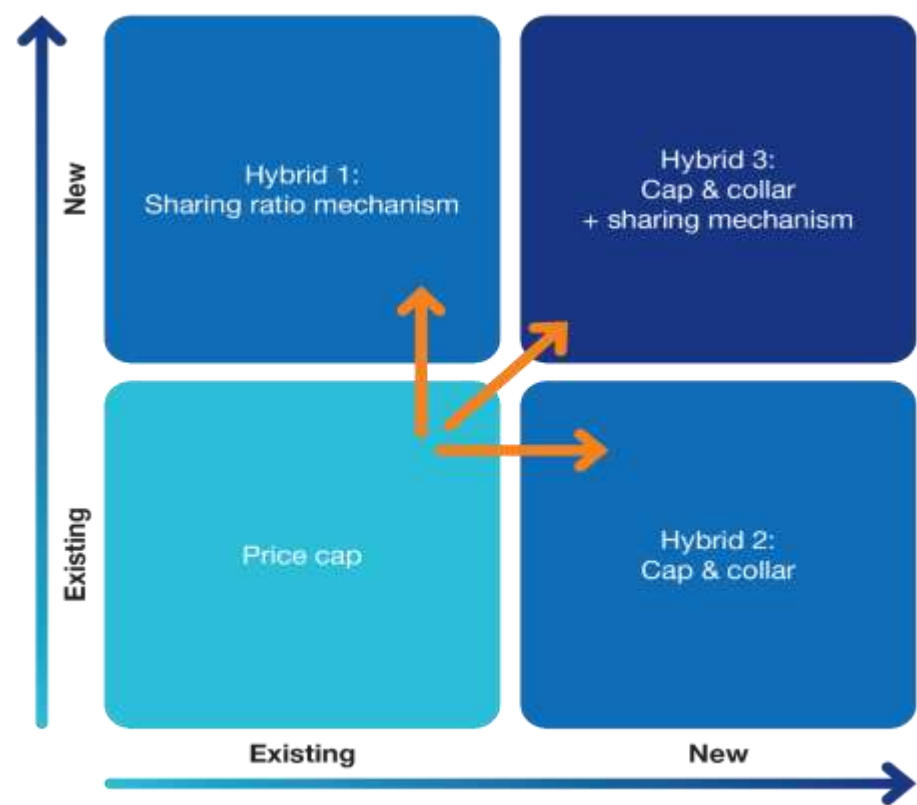
To improve cost reflectivity, we propose to:

- gradually **increase** the **revenue proportion** from **demand customers**, reflecting their use of our network
- reduce revenue proportion** of volume customers, especially our **residential and small to medium size commercial customers** (consuming less than 200GJ)

Separating our large and small/medium customers into different tariffs enables us to recover less revenue from our residential and small business customers and allocate more revenue recovery to our larger customers.

Proposed changes to the tariff variation mechanism and volume market tariff structures

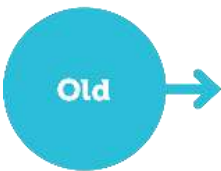
Below: proposed change in the tariff variation mechanism



Our Draft Plan proposes to:

- Implement a change to our form of price control from weighted average price cap to Hybrid option 3
- Conduct further engagement and test impacts with the tariff customer forum and small businesses in March 2024.
- We are proposing minor adjustments, including increasing the proportion of our revenue requirement allowance to be recovered from fixed service charges from large volume market customers.
- The opportunity for demand market customers to reset their chargeable demand.

Proposed change in our tariff block structures



Tariff class	Block 1	Block 2	Block 3	Block 4	Block 5	Block 6
VI - Coastal	0 - 7.56	7.56 - 15	15 - 33	33-1002	1002-5004	5004+
VI - Country						
VB - Coastal	0 - 250	250 - 500	500 - 1000	1000+		
VB - Country						

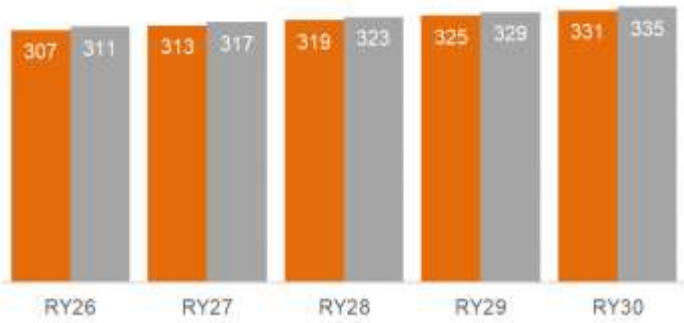


Tariff class	Block 1	Block 2	Block 3	Block 4
VI - Less than 200GJ	0 - 7.56	7.56 - 15	15 - 33	33 +
VI - High consumption (>= 200GJ)	0 - 300	300-1000	1000-5000	5000 +
VB	0 - 250	250 - 500	500 - 1000	1000+

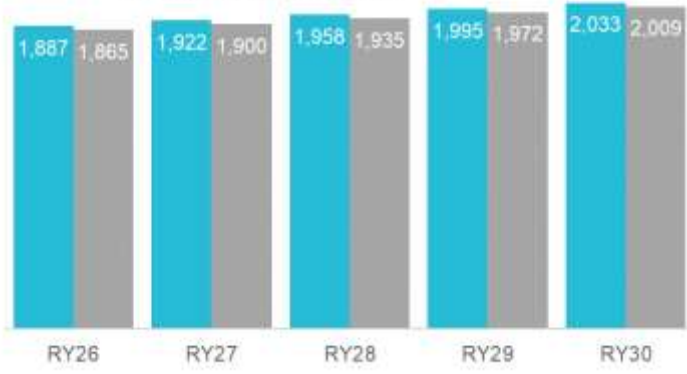
Note: The numbers represent the range of GJ consumption in the block

Annual bill impact for a typical residential (15GJ) & commercial customer (300GJ)

Network Bill - Residential customer (15GJ)
■ New tariff (VI - Less than 200GJ) ■ Current Tariff (VI - Coastal)



Network Bill - Commercial customer (300GJ)
■ New tariff (VI - High consumption (>=200GJ)) ■ Current Tariff (VI - Coastal)



Update on Reference Service Agreement (RSA) process

- We are updating the RSA to incorporate changes to the NGR and our Reference Service Offering and to simplify and clarify drafting as well as make changes where our experience in the current period suggests it is necessary.
- We have consulted with retailers and self-contracting users in both seminars and one on one meetings to get feedback on the current RSA.
- Shortly, we will be sending you a marked up copy of the draft RSA for your feedback.
- We can also arrange one on one meetings to discuss your feedback/answer questions.
- Please advise who in your team should receive copy of the RSA, and if your team are interested in a one-on-one session.
- As a reminder, we consulted with you on proposed amendments to the RSP (in mid-2023), including making the distinction between reference services, including splitting between transportation and ancillary reference services.



Discussion questions

1. Any initial reflections?

2. Reflections on how Jemena has incorporated customer and stakeholder recommendations into the Draft 2025 Plan?



Scan the QR code or go to menti.com and enter the code 1202 4293

Thank you! Have your say on the Draft 2025 plan now open till 4 March 2024: yournetwork.jemena.com.au

