

Outcomes report

Tariff Structures and Draft 2025 Plan

Small Business Customer Workshop

6.00pm – 8.30pm 27 March 2024



Executive summary

Nine (9) small businesses reconvened for their fourth session with the Jemena team in March 2024 to respond to how JGN had incorporated stakeholder and customer feedback into the Draft 2025 Plan, and provide considered feedback on the detail of tariff structures presented.

The key points of feedback within this document include:

- **Although the Draft 2025 Plan articulates some mitigation measures, price increases are still a major priority for small businesses:** many participants cited price increases as a major factor to tackle now and in the future, during the energy transition and appreciate that there are several initiatives proposed by JGN in the Draft 2025 Plan to address this.
- **Making sense of the uncertainty:** reflecting on previous discussions and workshops and what was presented in the Draft 2025 Plan, several participants had thoughts on impacts, for example the forecasts of connection rates and disconnection rates over the next five years, and the potential for government support in renewable gas especially biomethane, that would allow them to continue to use gas. They also had given significant thought to how decisions made now, would impact them in the longer-term for example; developer choices.
- **Tariff structure preferences:**
 - **Tariff variation mechanism:** overall, small business customers prefer the 5% threshold because they believe it is less risky and several small businesses expressed that it suits them, and also their industries more. Overall, this group prefers the 50:50 sharing option because they believe it is fairer.
 - **Separating large volume customers from other volume customers:** as evidenced within our engagement, small business customers support transitioning from a coastal / country split to small and large users with usage at over 200 GJ defining 'large'.

Reflecting on the Draft 2025 Plan and how the feedback had been incorporated, small business participants were generally satisfied. They were pleased to see their feedback reflected in the Draft 2025 Plan, the transparency of the Jemena team and diversity of views, and how different customer feedback was consolidated into the plan.

Participants were overall supportive of the direction of the Draft 2025 Plan and gave some points of view as follows:

- **Transparency and decision-making:** the insights were explained clearly and provided a clear view on how decisions were made once the feedback was collated, incorporating different points of view from customers and stakeholders.
- **Detailed and clear:** they felt the Draft 2025 Plan document was clear, of the highest quality, balanced, and easily understood.
- **Balanced between residential customer forum views and other customer feedback across the initiatives JGN put forward in the Draft 2025 Plan:** there were several comments from participants around how they appreciate Jemena consulting at all levels of the customer base and considering the views of all stakeholders, and incorporating diverse and conflicting views within the Draft 2025 Plan. This included the feedback sought and incorporated across complex topics such as renewable gas and accelerated depreciation.
 - For example, one small business had a question about paying in future for decisions made in the past, like a disconnection fee, and two others sought to explore how the feedback from young people differed from the overall customer forum.
 - They were satisfied once the Jemena team explained these decisions in detail.

"Jemena has done an amazing job in incorporating views. Balanced and easily explained."

"Quite liked it. Very detailed and clear. Well done Jemena."

"Truly pleased by how involved Jemena has engaged with a combination of various business & retail customers. The transparency and level of detail is very beneficial."

"I have appreciated Jemena and the level of consulting with all levels of the customer base. The details have been an interesting eye opener."

"Jemena, I guess, has considered a large group people from diverse backgrounds and are thoroughly looking for good outcome."

"Great insights explained in a transparent level of highest quality."

"Great job, Jemena has incorporated as much of the group answers. Such an interesting exploring of ideas. Still more to come."

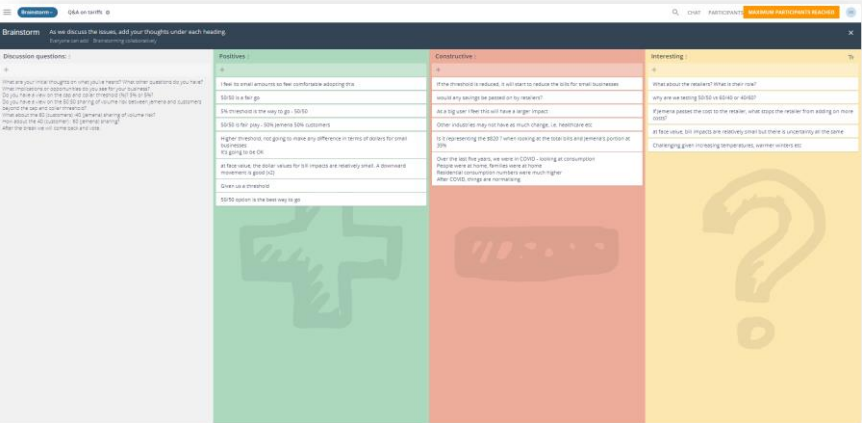
"The plan is very balanced and detailed too. The only thing is a lot is dependent on the retailer which is still a question mark."

"Really liked how the views for all stakeholders were addressed and even transparency was given on how decision making has been made on the data collected."

Discussion and questions on tariff structures focused on positive and constructive feedback, that it seemed like small amounts overall, and whether retailers are able to pass on any savings to customers.

Key points from small businesses included:

- Positive:** small businesses felt generally overall it was small amounts on the bill impact, that they were not looking at large amounts overall, and that a 50:50 sharing ratio can be considered the fairest.
- Constructive:** some larger users felt this would have more of an impact, and clarified whether it was just Jemena's proportion of the bill this would impact. Others asked about how the forecasts incorporated weather predictions and any variations in weather including temperature increases.
- Other points:** several wanted to know the retailers role in this, and if they would pass on any potential savings to customers.



Positive

Dollar impacts, fair play.

"At face value, the dollar values for bill impacts are relatively small. A downward movement is good."

"50/50 is a fair go."

5% threshold is the way to go - 50/50."

"50/50 is fair play - 50% Jemena 50% customers"

"Given (sic) us a threshold."

"Higher threshold, not going to make any difference in terms of dollars for small businesses. It's going to be OK."

"I feel its small amounts so feel comfortable adopting this"

"50/50 option is the best way to go."

Constructive

Larger users more impacted, industry variation, impacts of consumption data.

"As a big user I feel this will have a larger impact."

"At face value, bill impacts are relatively small but there is uncertainty all the same"

"If the threshold is reduced, it will start to reduce the bills for small businesses."

"Other industries may not have as much change, i.e. healthcare etc."

"Is it representing the \$820? when looking at the total bills and Jemena's portion at 35%."

"Over the last five years, we were in COVID - looking at consumption. People were at home, families were at home. Residential consumption numbers were much higher. After COVID, things are normalising."

Interesting

Retailer pass through, long-term and short-term impacts, weather predictions.

"Would any savings be passed on by retailers?"

"Challenging given increasing temperatures, warmer winters, etc."

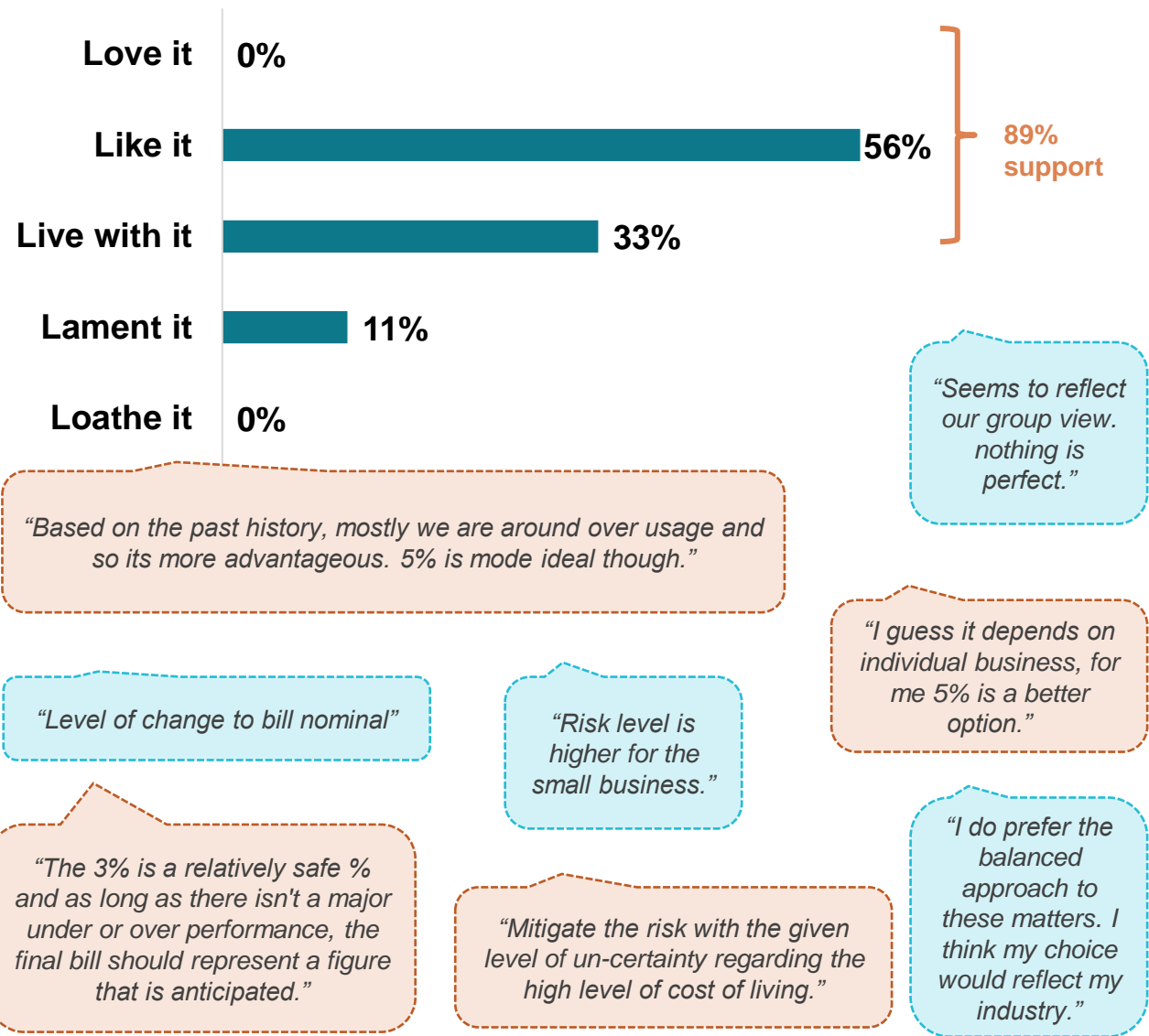
"If Jemena passes the cost to the retailer, what stops the retailer from adding on more costs?"

"Why are we testing 50/50 vs 60/40 or 40/60?"

"What about the retailers? What is their role?"

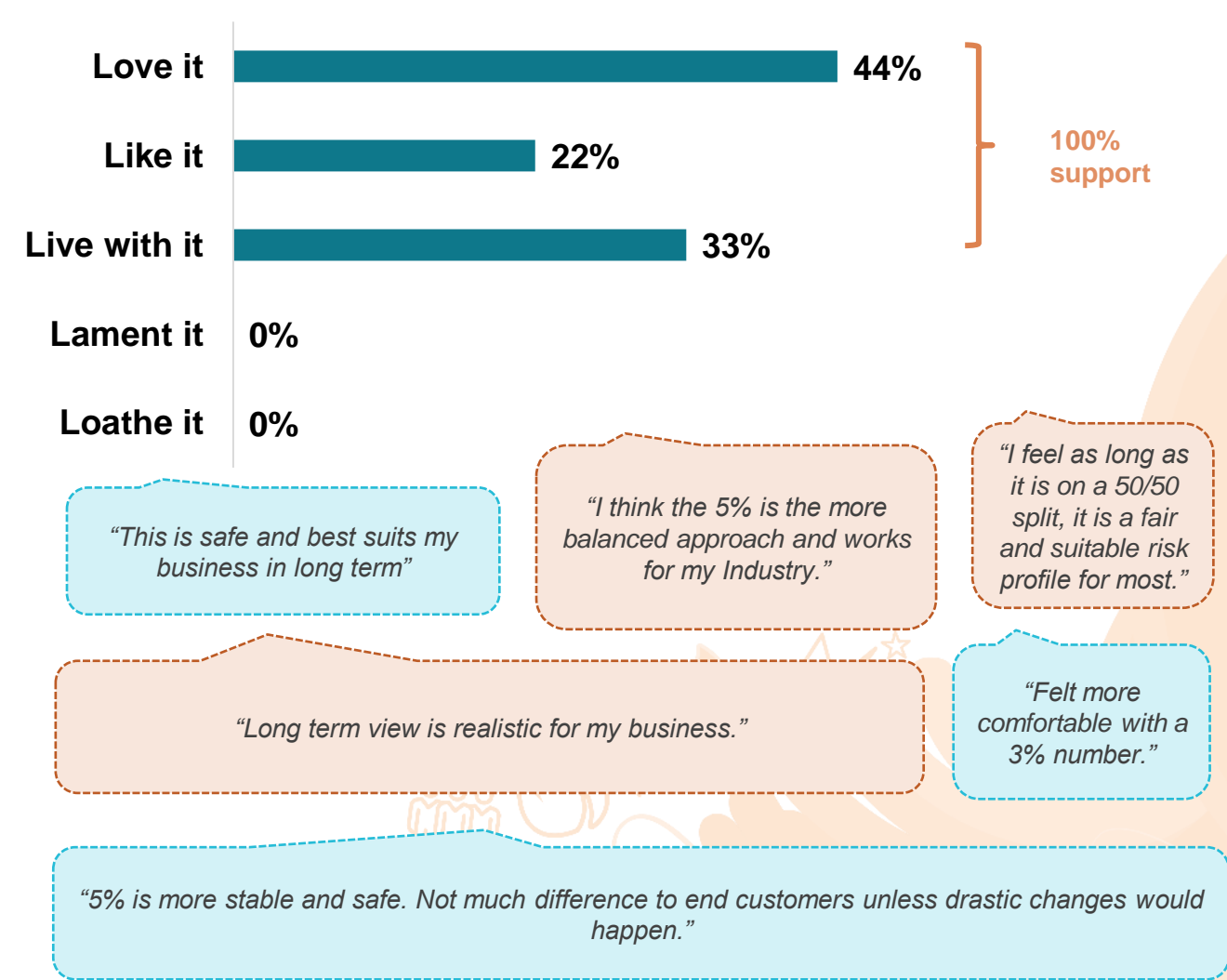
In terms of voting results for the sharing threshold, overall, small business customers preferred the 5% threshold. Their reasons given included giving a more balanced approach, that it works for their industry or business.

What’s your level of comfort with the 3% threshold?



N=9. Voting numbers: Love: 0, Like: 5, Live with: 3, Lament: 1, Loathe: 0

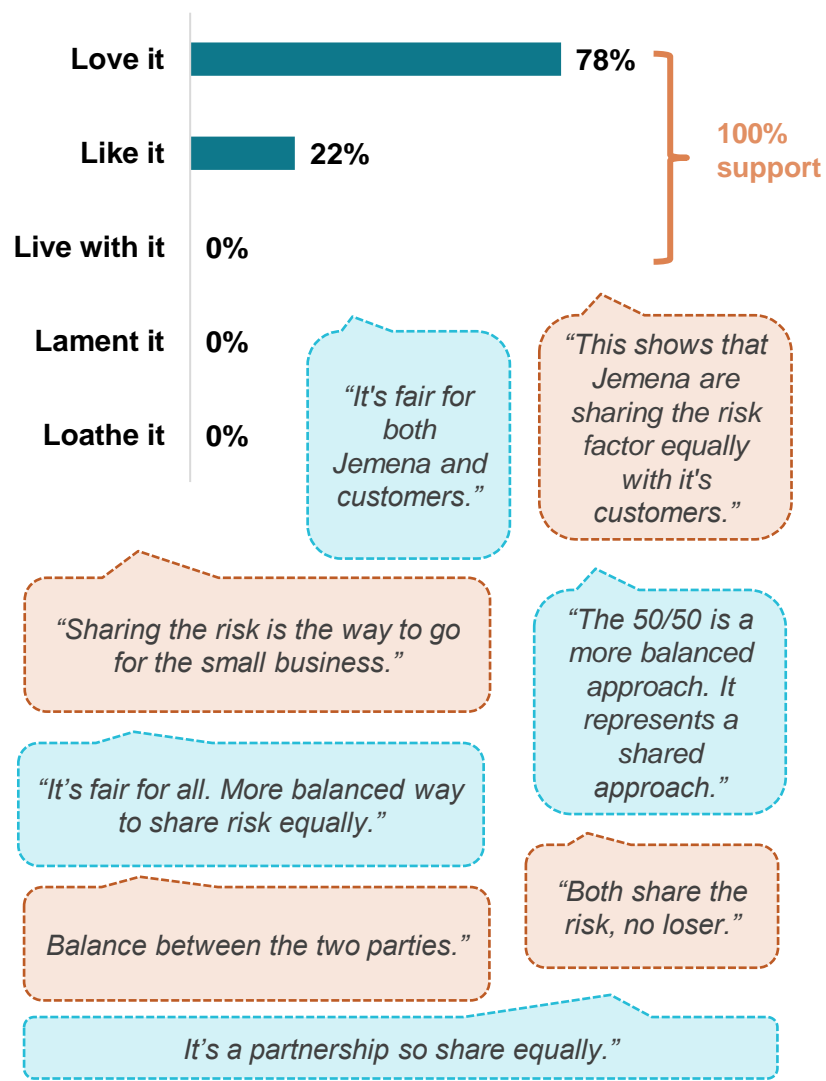
What’s your level of comfort with the 5% threshold?



N=9. Voting numbers: Love: 5, Like: 2, Live with: 3, Lament: 0, Loathe: 0

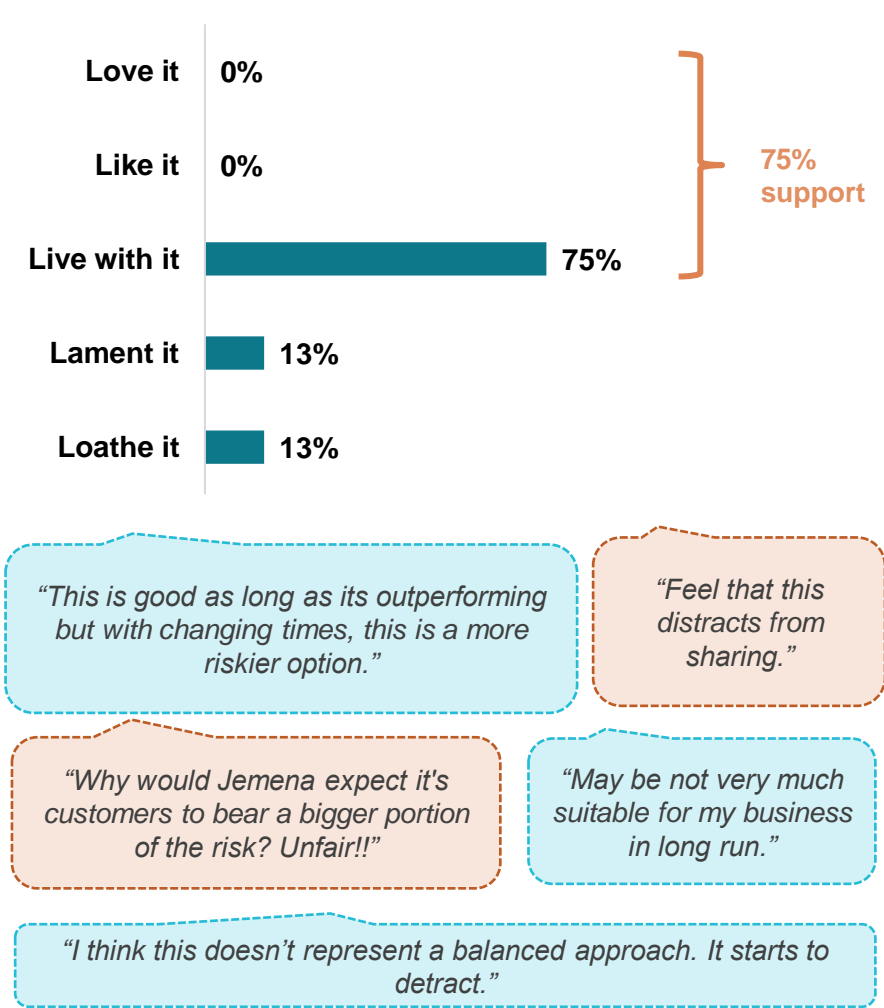
Overall, in terms of sharing volume risk, small business customers preferred the 50:50 sharing overall, followed by the other sharing options. Reasons included is that it's fair for all and a more balanced way to share risk, that the split should be equal, with an emphasis on a partnership approach.

What's your level of comfort with 50:50 sharing of volume risk?



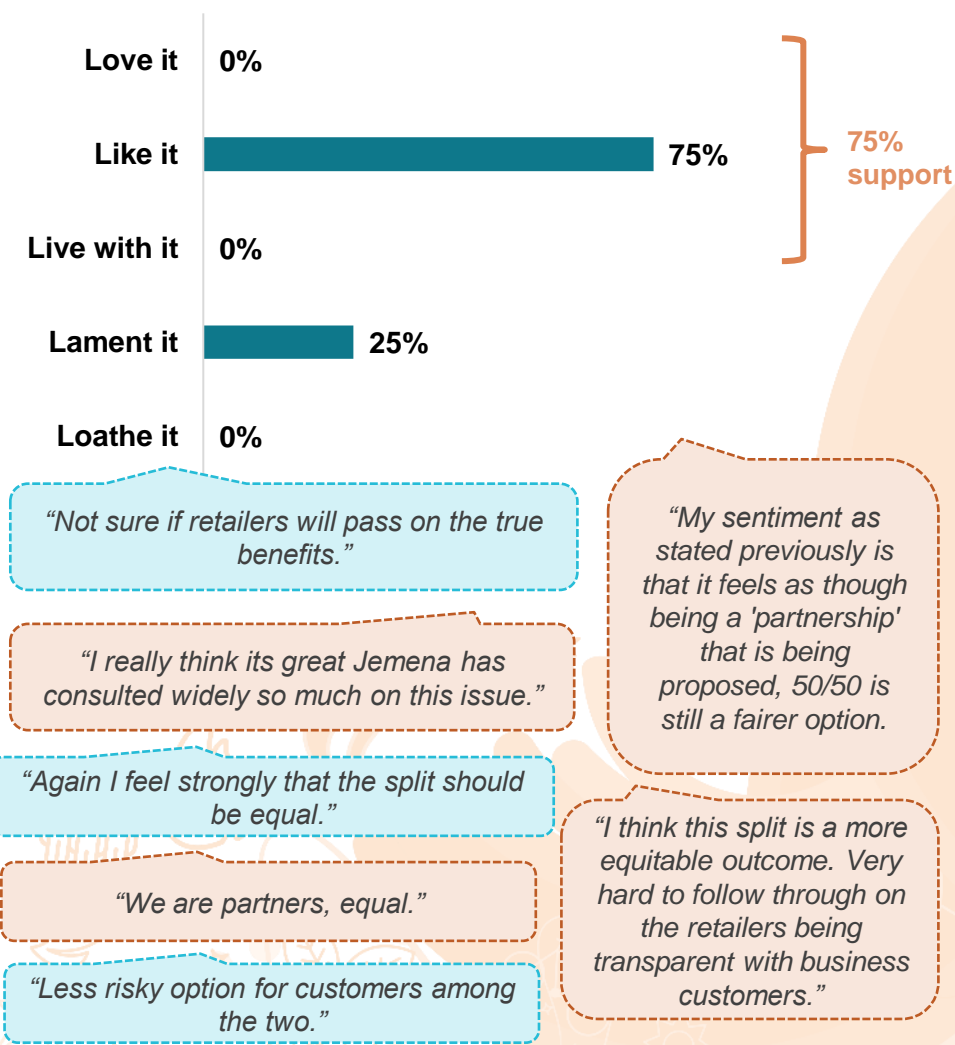
N=9. Voting numbers: Love: 7, Like: 2, Live with: 0, Lament: 0, Loathe: 0

What's your level of comfort with the 60 (customer): 40 (network) sharing of volume risk?



N=8. Voting numbers: Love: 0, Like: 0, Live with: 6, Lament: 1, Loathe: 1

What's your level of comfort with the 40 (customer): 60 (network) sharing of volume risk?



N=8. Voting numbers: Love: 0, Like: 6, Live with: 0, Lament: 2, Loathe: 0

Overall feedback from small business participants at this workshop included appreciated being part of the journey and Jemena being more of a strong advocate with government for particular initiatives, and the transparency the team is providing.

The key points small businesses included in the feedback:

- **Expressing the hope that Jemena would achieve a positive outcome from the Draft 2025 Plan:** both in favour of the network and customers.
- **Really appreciated being part of the engagement journey:** small businesses valued the transparency, the sessions and had deep appreciation of the engagement journey they'd been on over the last 4-5 months.
- **Encouraging changes from a legislative and supply chain perspective:** one small business would like to see Jemena put a proposal to government to eliminate retailers from the supply chain.

"Exciting times ahead!"

"I hope it goes in favor of both, the network and the consumers."

"Really appreciate to be a part of this journey. Thoroughly enjoyed the quiz. Thank you to Jemena to (sic) present a clear picture."

"Happy to join the session and appreciate the transparency that Jemena is providing."

"Really hope you achieve that a positive outcome."

"I would like to see Jemena make a proposal to government to get rid of retailers to balance our costs."

"It's been a journey and now we're at the end of the journey."

Methodology: what we did



The objectives of the session were to:

Explore any reflections on the Draft 2025 Plan and report back on tariffs consultation with small businesses.

Ensure consultation with small businesses on details of the tariffs structures and bill impacts.



Attendees:

There were nine (9) attendees from different small businesses across Greater Sydney encompassing a variety of industries including healthcare, retail, food manufacturing, restaurant, accommodation and IT/digital services. All attendees had attended up to three previous workshops, and are decision-makers on energy bills and usage within their businesses. Participants were also sent some optional pre-reading, including the Draft 2025 Plan in full and the 16-page summary of the Draft Plan. They were paid a stipend to attend and originally recruited through a market research company.

There were no observers from either the Australian Energy Regulator and Consumer Challenge Panel.



Alignment with the AER Better Resets Handbook:

We sought to meet the expectations outlined in the handbook through focusing on two principles-based engagement segments: the nature of engagement, and the breadth and depth of engagement. This was achieved in several ways, firstly, this session was building upon several previous sessions from 2023 with the same group of customers, building on their knowledge each time, and secondly through equipping customers helping them make informed decisions through extended discussion times, and access to JGN experts to ask questions and drill into the detail and finally, vote on their thoughts. Thirdly, we also provided accessible, clear and transparent engagement through tailoring the sessions to small businesses expectations and needs (for example evening session timing, length, and stipends for this time-poor group) and working with the same JGN team members and leaders to build sincerity and trust across in the engagement process.



Format:

The session ran for two and a half hours on Microsoft Teams and used breakout room discussions, Groupmap and Menti voting to ascertain feedback from participants. The complete pack presented to participants is available within this document (see page 11 onwards).



Overview:



Section 1: Reintroductions and the Draft 2025 Plan

This section involved the group reconnecting, sharing common experiences, and Jemena providing an update on how customer and stakeholder feedback from the last few sessions was incorporated into the Draft 2025 Plan, demonstrating sincerity of engagement. A Q&A session followed to allow participants to ask questions of the JGN team.



Section 2: Tariff structures and asking questions of Jemena

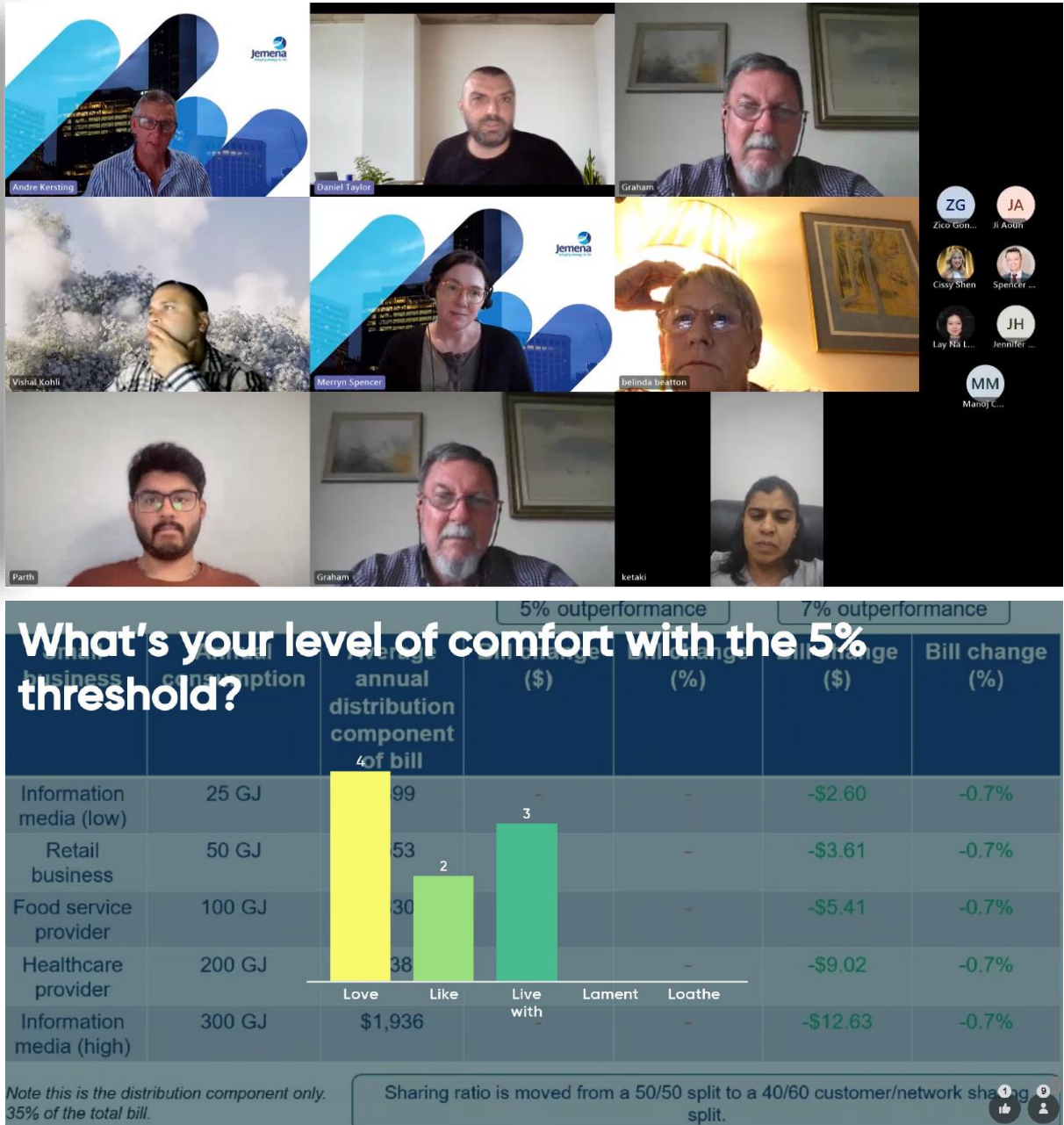
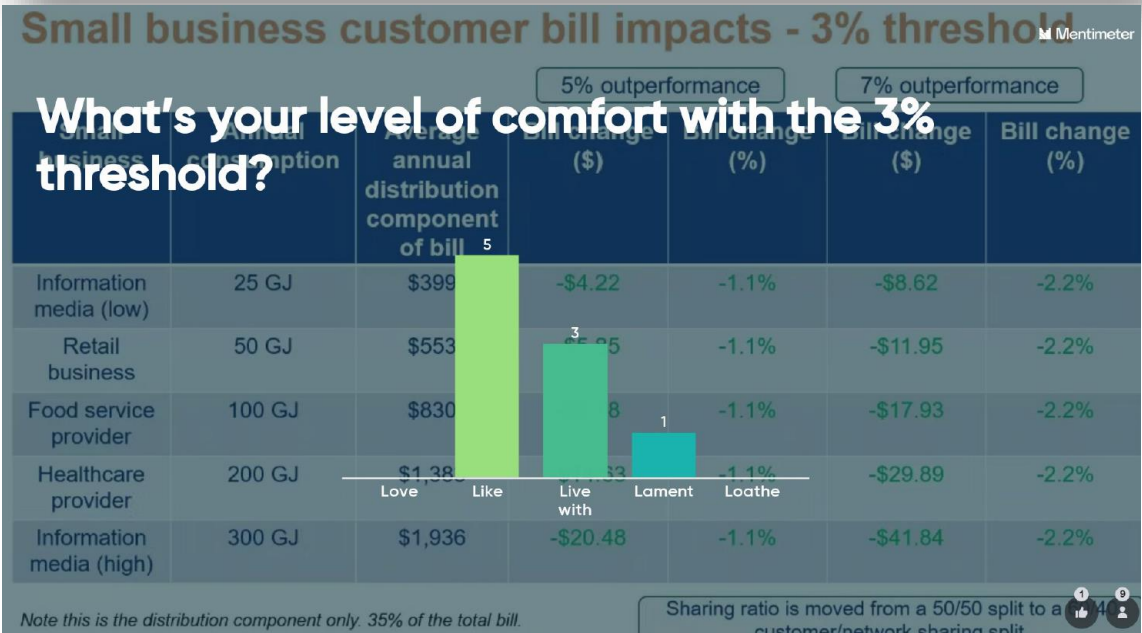
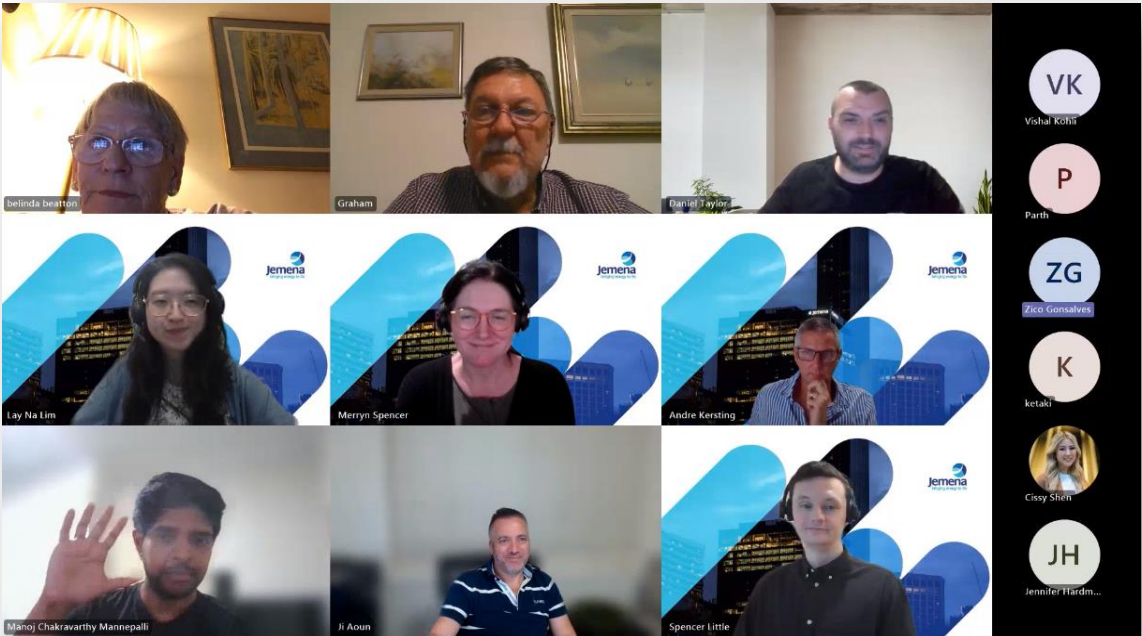
Participants had some information from Jemena on the tariff structures including some information of real bill impacts of the different thresholds and sharing of volume risk between Jemena and customers, based on Gigajoule usage data they had provided earlier. To align with breadth and depth of engagement, they then broke into groups and considered implications to their businesses and asked questions of the technical experts.



Section 3: Voting feedback and final check-in

After considering all the information, participants considered and voted on the level of comfort they had with 3% and 5% thresholds. They also voted on the 50:50 sharing of volume risk and 60 (customer): 40 (Jemena) and 40 (customer): 60 (Jemena) using the L-scale. To finish up the engagement journey they'd had over the past six months, participants reflected on what they had done and provided final insights to the Jemena team.

Screenshots from the workshop



Jemena team attendees

| Name | Role | Organisation |
|------------------|--|--------------|
| Andre Kersting | Gas Networks Regulation Manager | Jemena |
| Cissy Shen | Engagement Lead | Jemena |
| Jennifer Hardman | Communications Lead and Engagement Support | Jemena |
| Lay Na Lim | Senior Regulatory Advisor | Jemena |
| Merryn Spencer | Engagement Lead | Jemena |
| Spencer Little | Gas Networks Pricing Lead | Jemena |



Presentation pack and activities

Tariff Structures and Draft 2025 Plan

Small Business Customers Workshop

6.00pm – 8.30pm 27 March 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.

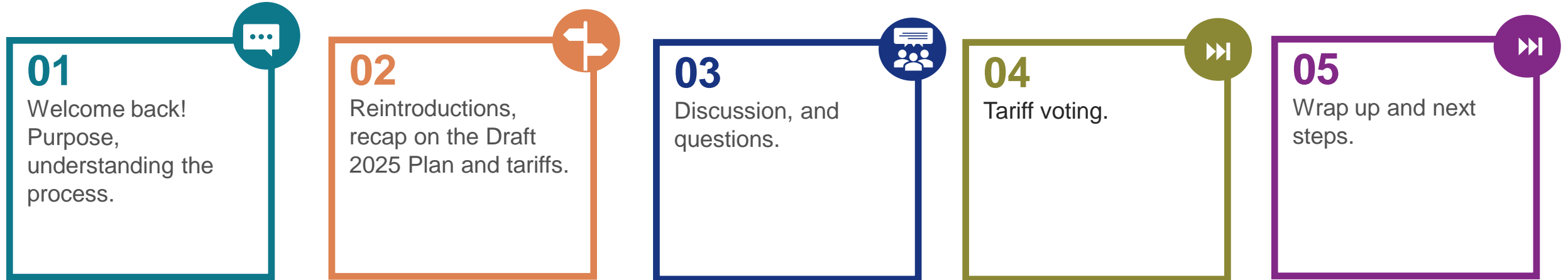
We pay our respects to their Elders past, present, and emerging.

Pictured: artwork by Aboriginal artist Chern'ee Sutton from Mount Isa for our Group's Reflect Reconciliation Action Plan



What to expect in this workshop

This session is being recorded!



Your guides

Check in now the Draft 2025 Plan is published and seek feedback on proposed tariffs structures implementation



Andre Kersting
Gas Networks Regulation
Manager



Lay Na Lim
Senior Regulatory Advisor



Jenny Hardman
Engagement Support and
Communications Lead



Merryn Spencer
Engagement Lead JGN



Spencer Little
Gas Networks Pricing Lead



Cissy Shen
Engagement Lead

Ground rules



Be ready to be
challenged



Everyone has
their say



Listen, don't
interrupt



Keep
contributions
relevant to the
subject



Be respectful

Re-introduce yourself to the group!

What's been on your mind?

About gas and the energy transition since we last caught up?

(in 30 seconds)

Draft 2025 Plan update

Andre Kersting

Merryn Spencer

2025 Plan timeline



Purpose of today: seeking feedback on the Draft 2025 Plan and tariff structures

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.



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

Key strategies to respond to the changing energy landscape

| 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 |

What we will deliver for customers



Deliver reduced emissions through technology



Connect 70,000 homes and businesses across NSW and look after our existing customer base



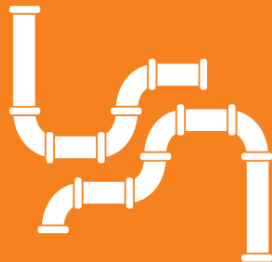
Complete our vulnerable customer strategy and support to vulnerable customers



Replace manual inspections with **new technology** to efficiently detect leaks



Replace 8,000 ageing meters with new digital meters so customers receive accurate bills



Renew 132 km of old mains targeting leaks and maintaining the reliability and safety of the network



Continuing cloud based software and remote working to enhance security and efficiency

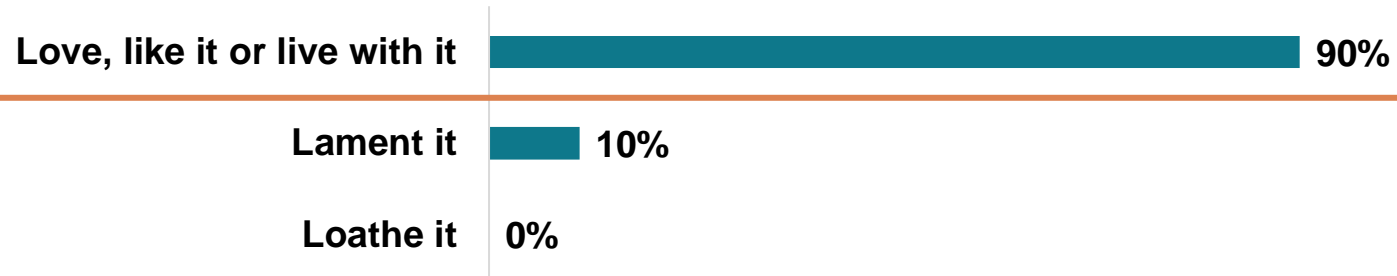


Plan for the future by proposing nine new biomethane renewable gas connection projects

Tariff structures voting

Overall, small business customers generally agreed with the pricing principles, with the reasons why extending to equity and fairness.

To what extent do you agree with the pricing principles?



"Pricing approach could be better and more promising than anticipated."

"It think equity is the essential key."

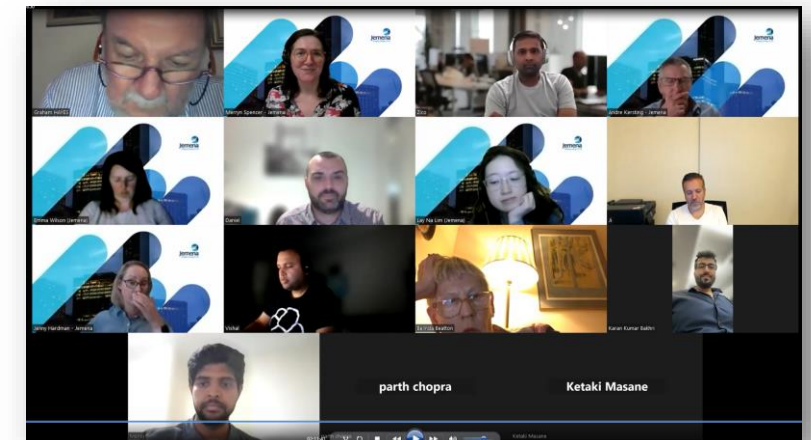
"Seems like the best option..."

"Fairness is a fundamental principle that needs to be maintained."

"Complex..."

Our Draft 2025 Plan:

Incorporates the pricing principles (see next slide)



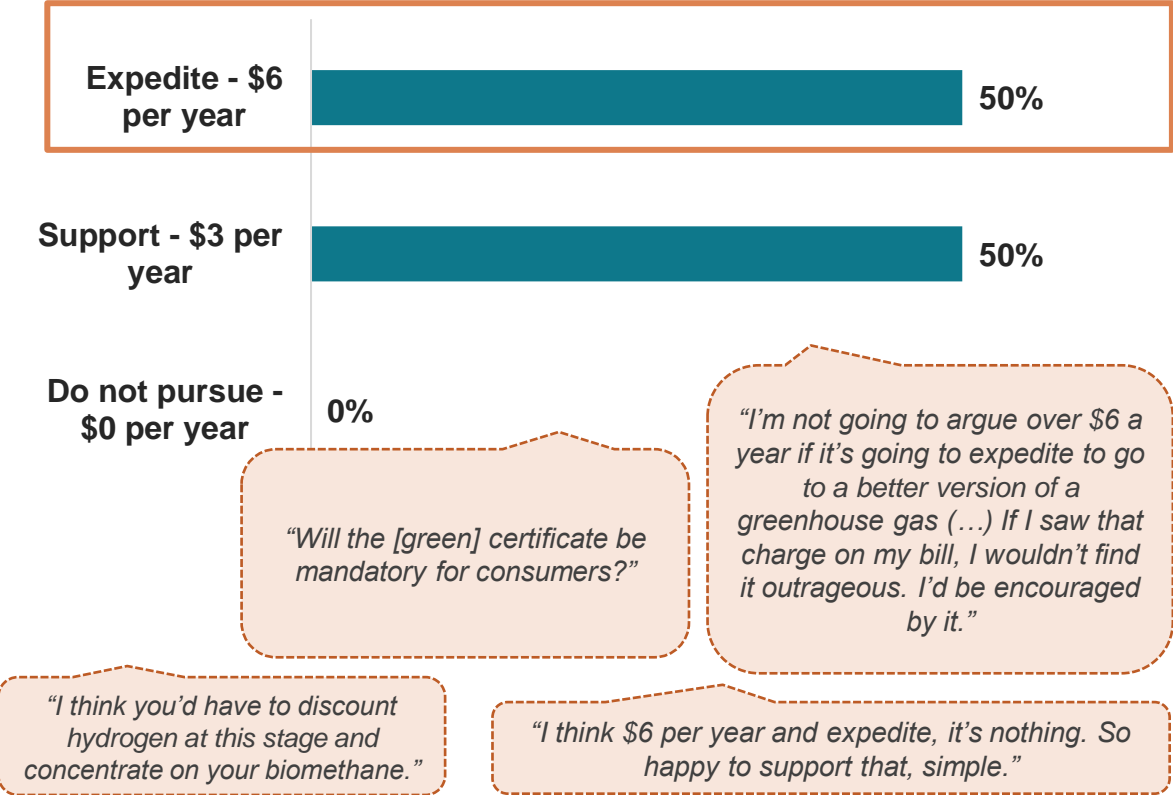
Update on tariffs: pricing principles

| 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. To more accurately capture the use 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. Note, retailers don't differentiate between these. |
| 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 reflect the forecast gas volumes we expect in the next regulatory period and help us 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. Our 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. |

Small business customers: initiatives 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:

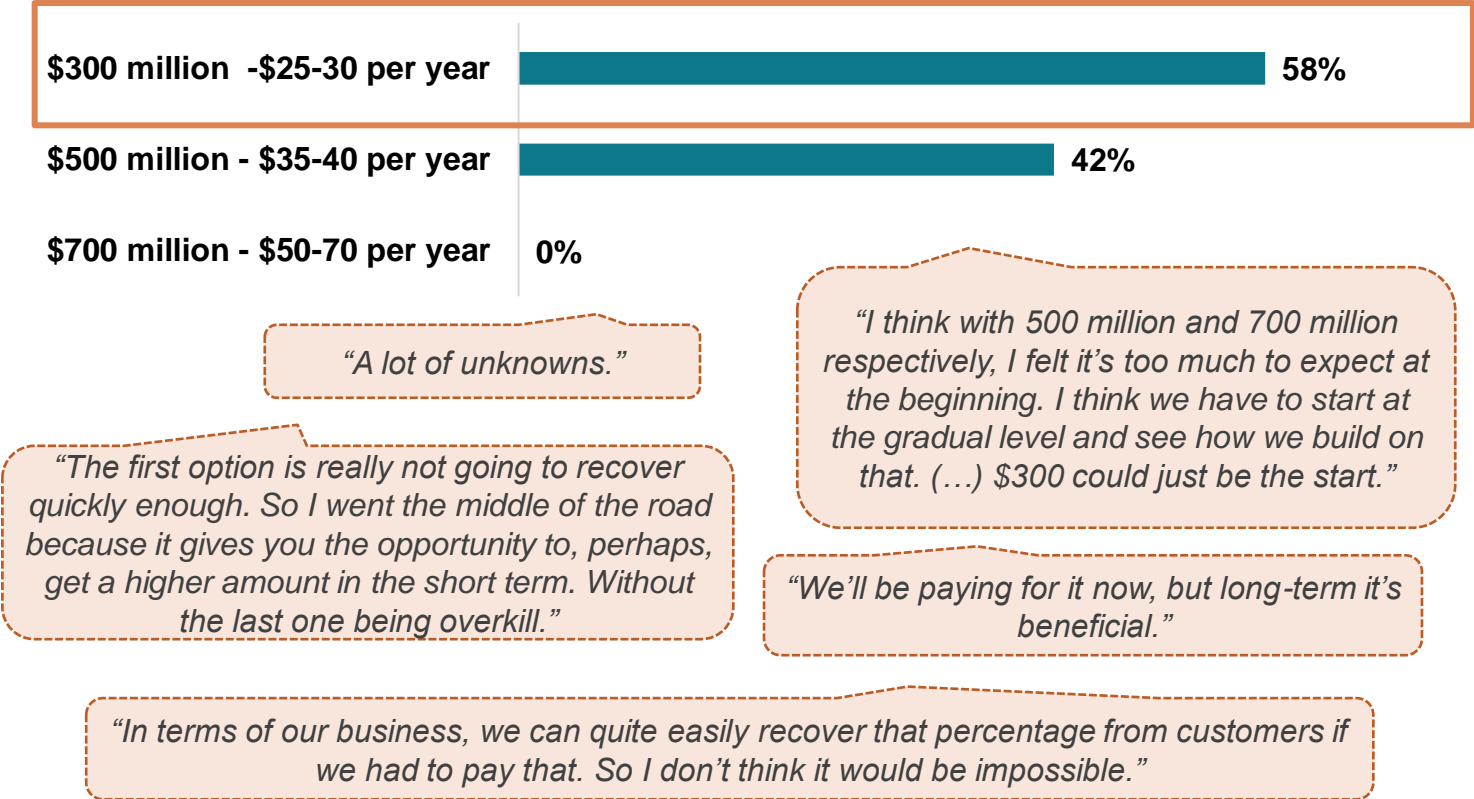


Our Draft 2025 Plan:

Includes \$74M capex to connect nine renewable gas suppliers to our network with a focus on biomethane.

As biomethane is a renewable form of methane, there is no need to modify our network, customer homes or industrial processes.

Accelerating capital recovery:



Our Draft 2025 Plan:

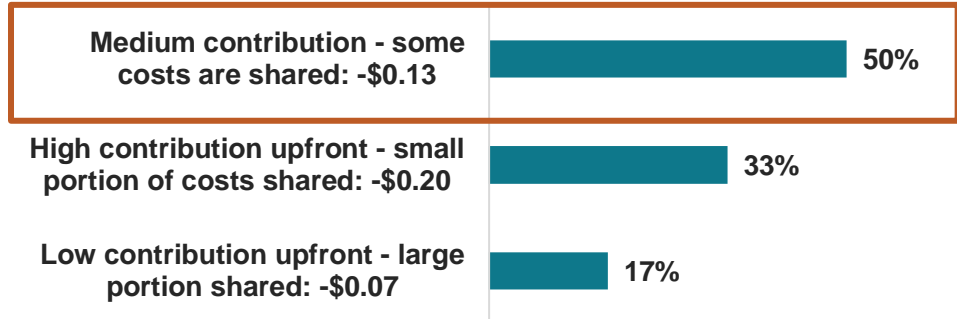
Proposes \$300M of accelerated depreciation of our existing RAB.

This is approximately 8% of 2025 closing RAB.

Small business customers: initiatives voting (continued)

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:



Our Draft 2025 Plan:

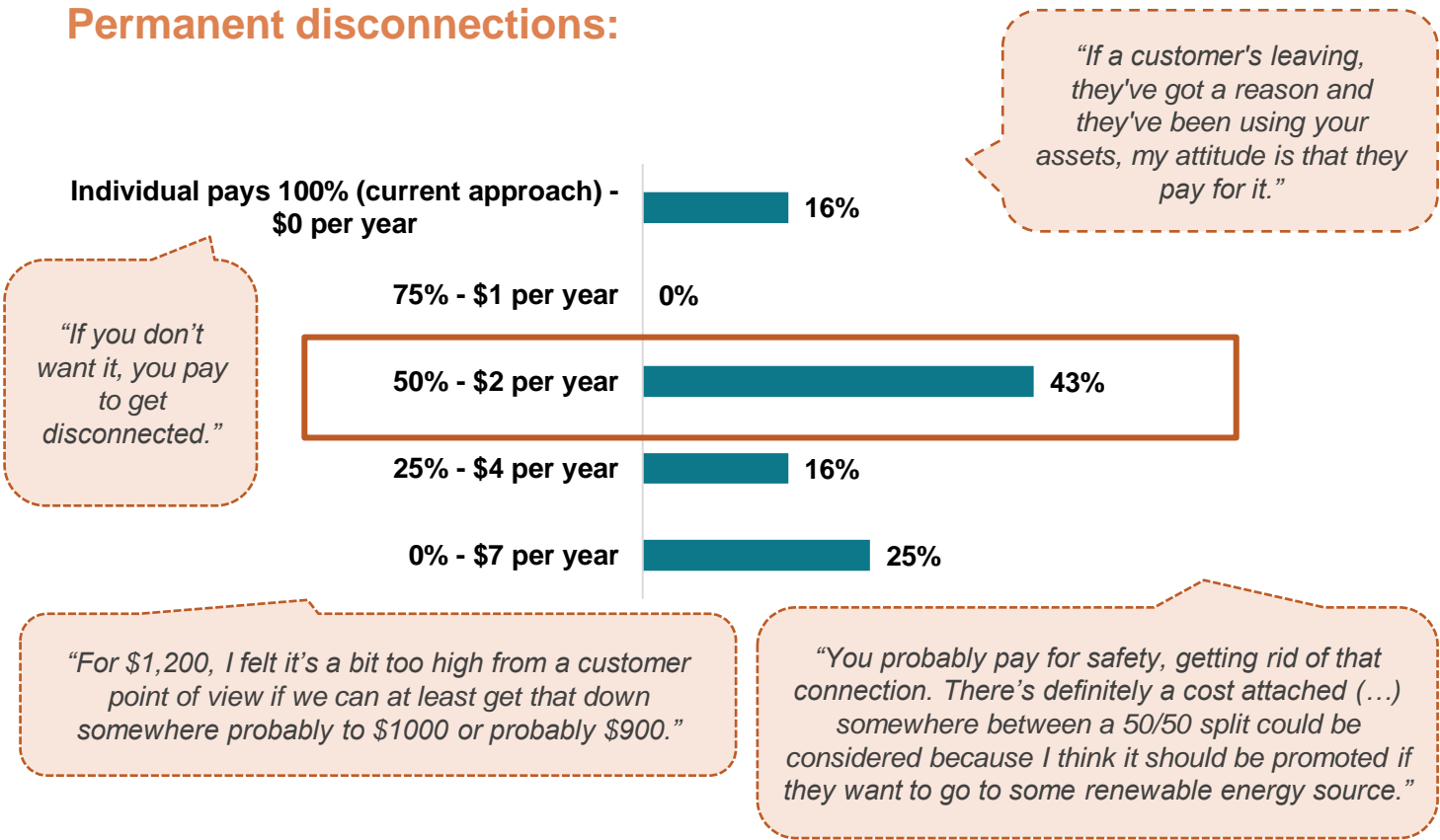
We will update the JGN Model Standing Offer to reduce the number of free connections provided to customers.

More applications will need to go through the negotiated connection offer process.

In some cases a proportion of the costs to connect new customers will still be shared across the customer base (in line with the connection charging criteria).

“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.”

Permanent disconnections:



“If you don’t want it, you pay to get disconnected.”

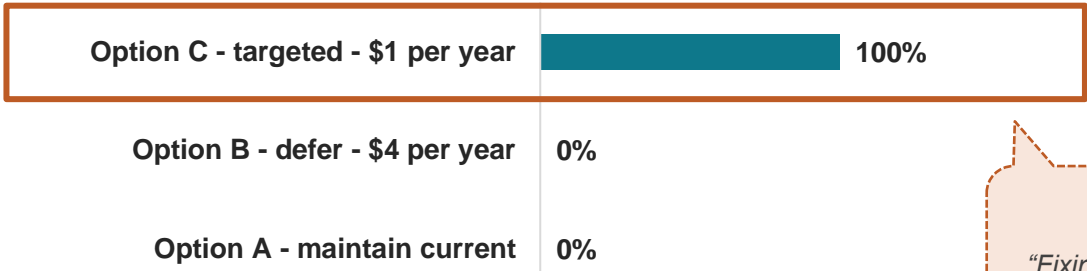
“If a customer’s leaving, they’ve got a reason and they’ve been using your assets, my attitude is that they pay for it.”

“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.”

“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.”

How Jemena manages its assets:



Our Draft 2025 Plan:

We are proposing a targeted approach to asset rehabilitation using digital tools to better understand the condition of our assets.

We are planning to replace 132 km of gas mains with a proposed capex allowance of \$66m.

This allowance is complemented with expenditure to purchase gas leakage detection technology necessary to support this approach to asset management.

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

Our Draft 2025 Plan:

We propose to keep the user-pays approach to permanent disconnections (\$1,200 ex GST) in line with feedback from the customer forum.

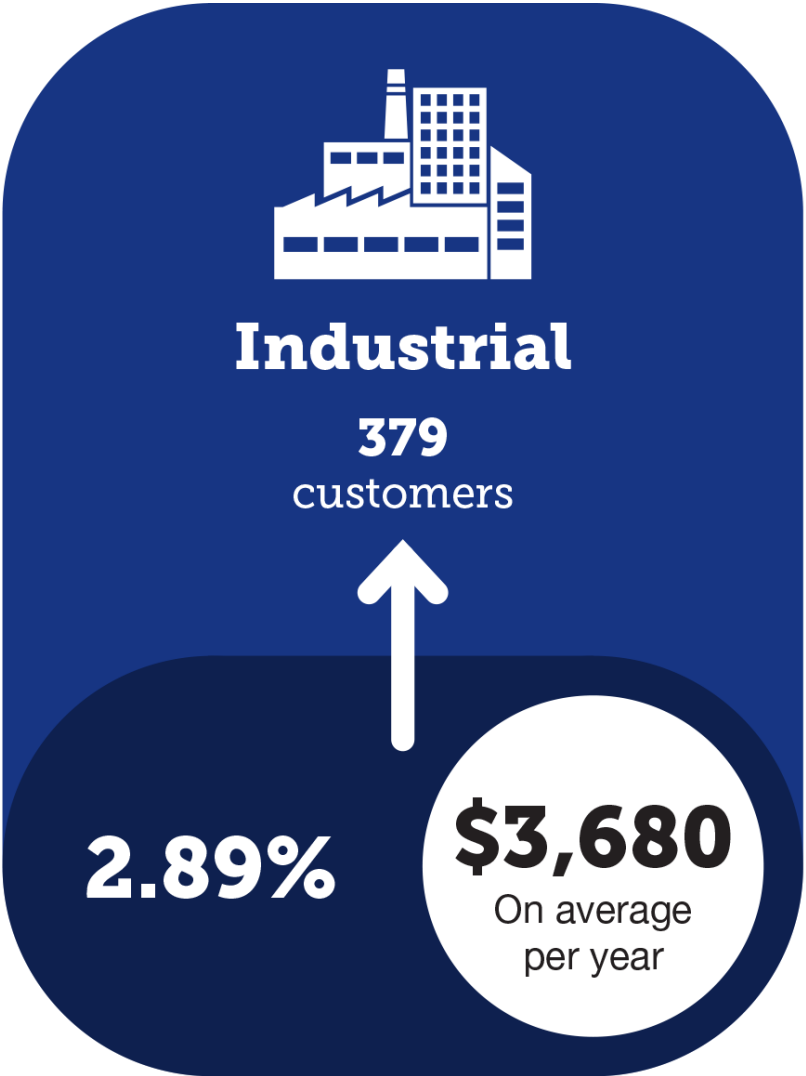
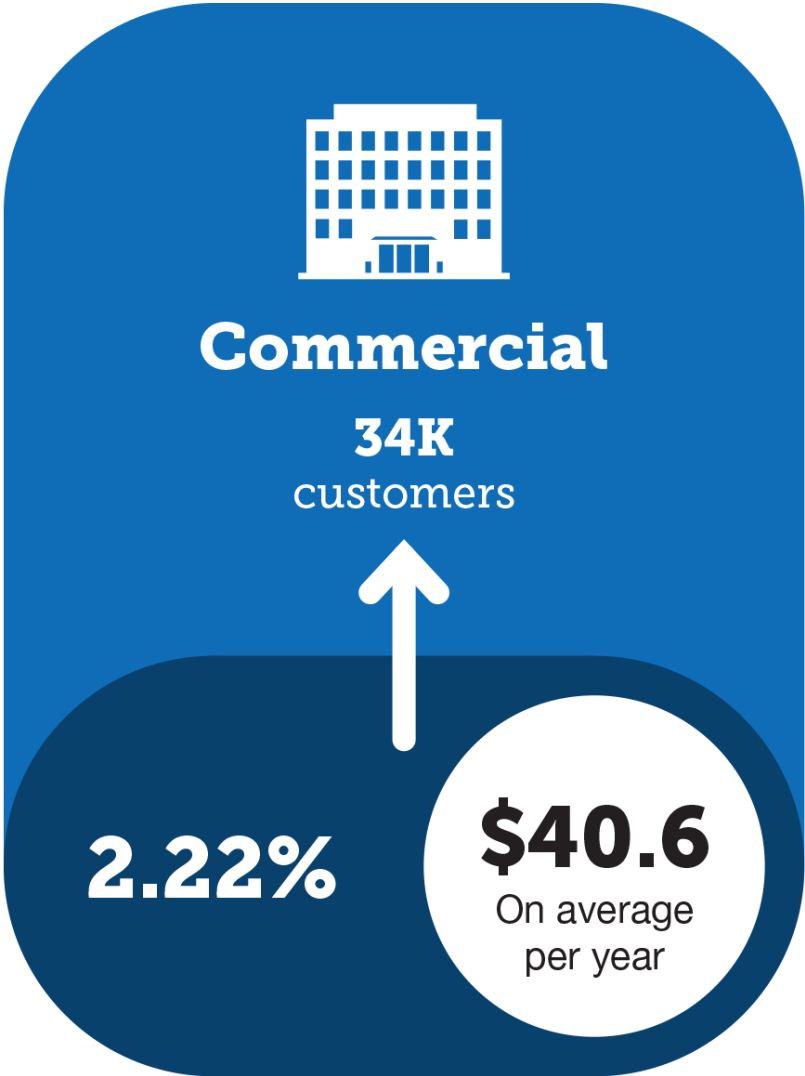
Q&A

Tariffs structures update

Spencer Little

Our proposed bill impacts

Breakdown by customer group



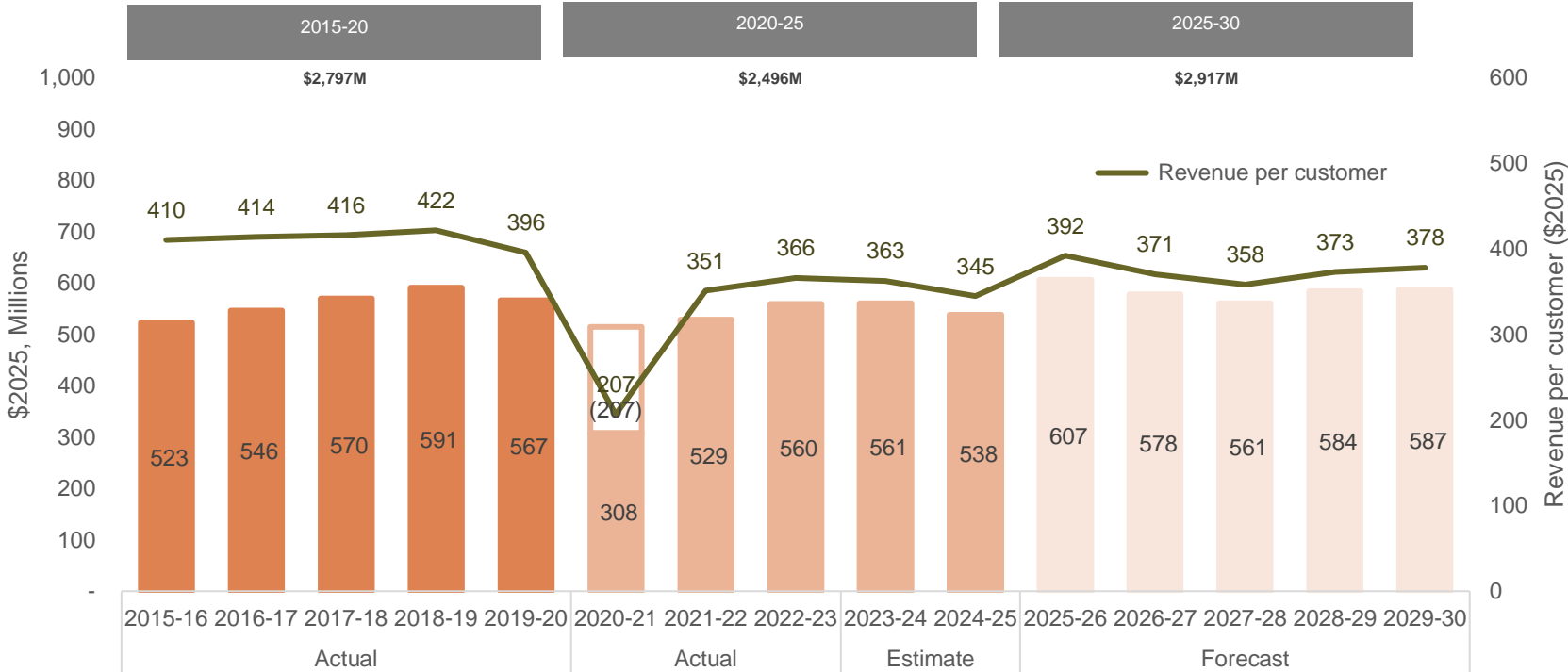
** Note the price impacts are calculated based on 15 GJ annual consumption for a residential customer, 300 GJ for a commercial customer, and 350GJ of Chargeable Demand for an industrial customer.

* All dollars reported in \$2025 real

Indicative bill impact (network component)

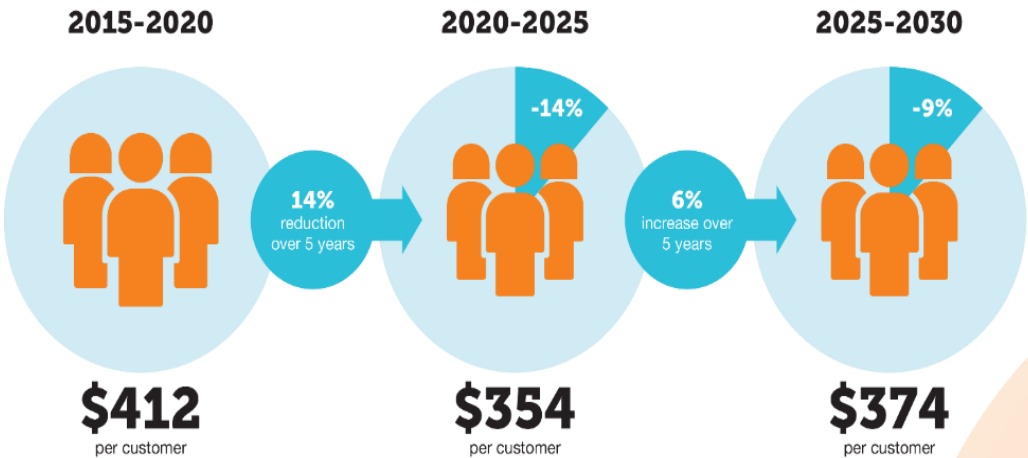
Breakdown of building block revenue

Building block revenue and revenue per customer across the three Draft Plan periods (real \$2025, millions)



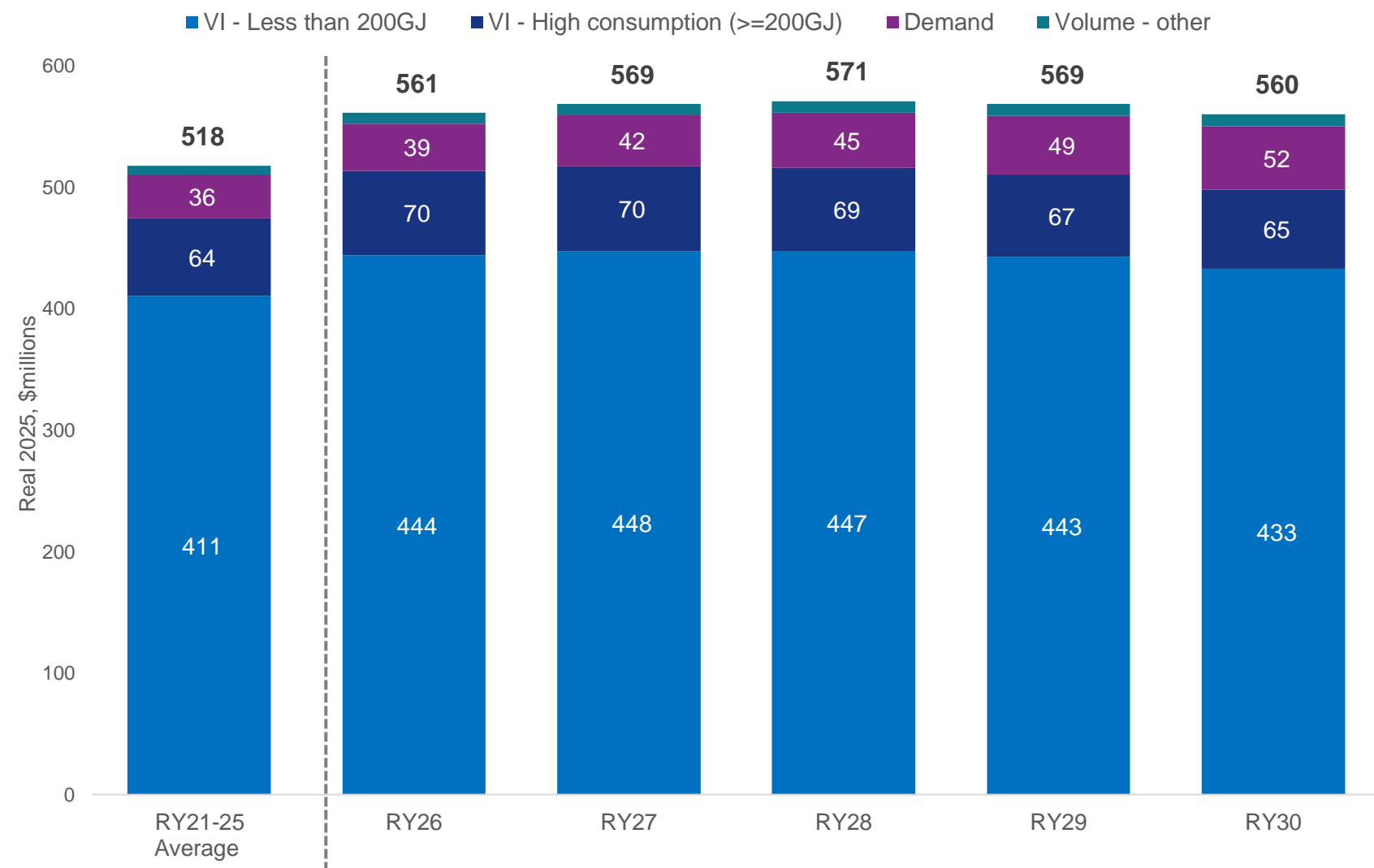
| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | Total |
|--|---------|---------|---------|---------|---------|-------|
| Return on capital | 206 | 202 | 198 | 192 | 185 | 984 |
| Depreciation (return of capital) | 92 | 100 | 110 | 120 | 131 | 552 |
| Operating expenditure | 263 | 262 | 259 | 256 | 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.

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 future use of our network
- **reduce revenue proportion** of volume customers, especially our **residential and small to medium size commercial customers** (consuming less than 200GJ).

Reminder: tariff structures voting

Small business customer participants voted that Jemena should decrease the number of tariff blocks and change to a residential/commercial tariff split. Some of the reasons are included in the quotes below.

To what extent do you think Jemena should reduce the number of tariff blocks? (6 to 4)



| 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

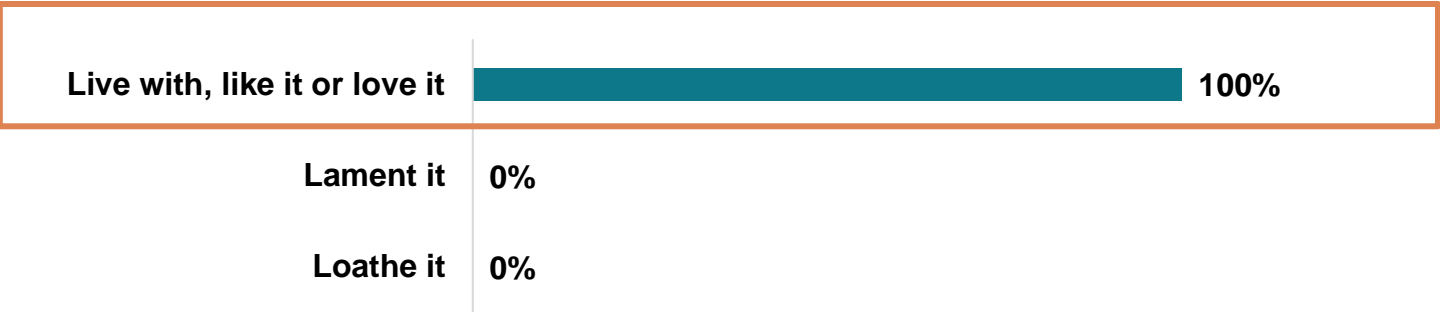
“Like it because I feel as though it is moving in a direction to simplify costs generally.”

“It will help to streamline the costing structure.”

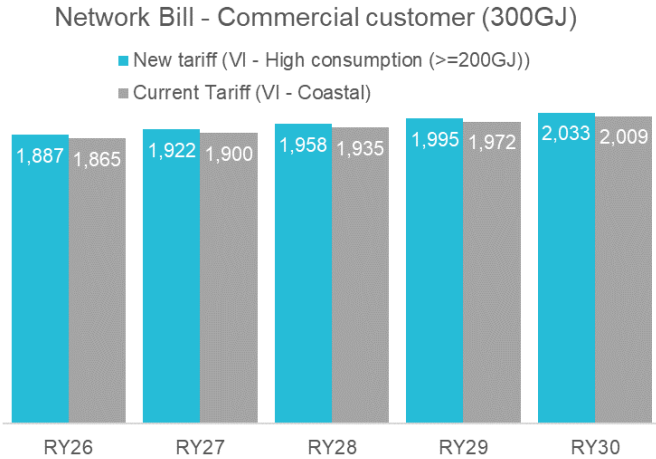
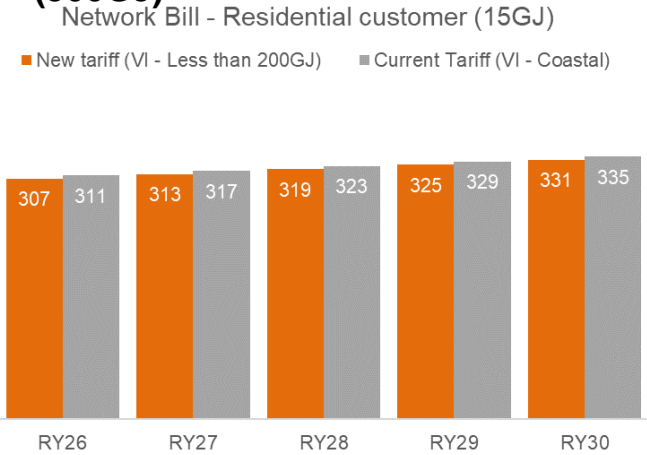
“Seems like you have progressed to streamlined costs.”

** Note a small base. The rating scale was five points: loathe, lament, live, like it and love it. Scale shown live with, like it and love it.

To what extent do you think Jemena should change to a residential / commercial tariff split?



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



“Residential/commercial split will reduce burden on customers and seems appropriate.”

“Just seems fair.”

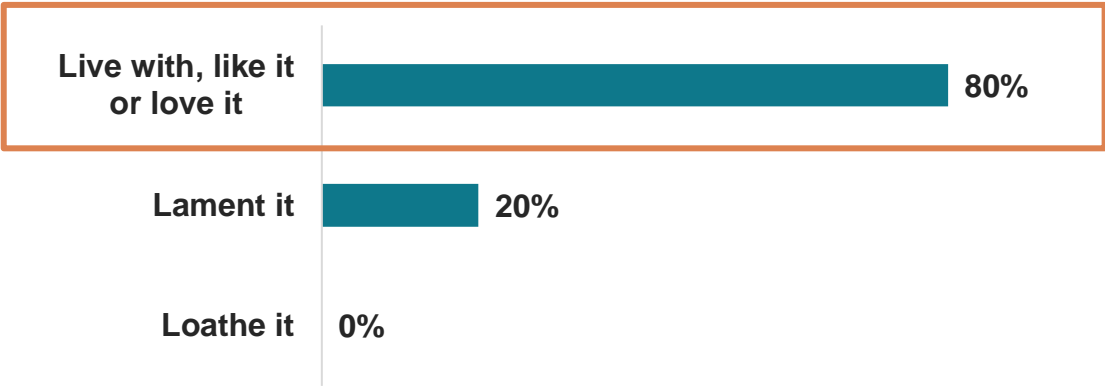
“Commercial being more contributor in the revenue should pay bit more than residential and more over commercial will be passing this to the end consumer. More over corporates are easy to take this hit.”

“Given that we have progressed to this meeting, we see that we see the sharing, still time to see further.”

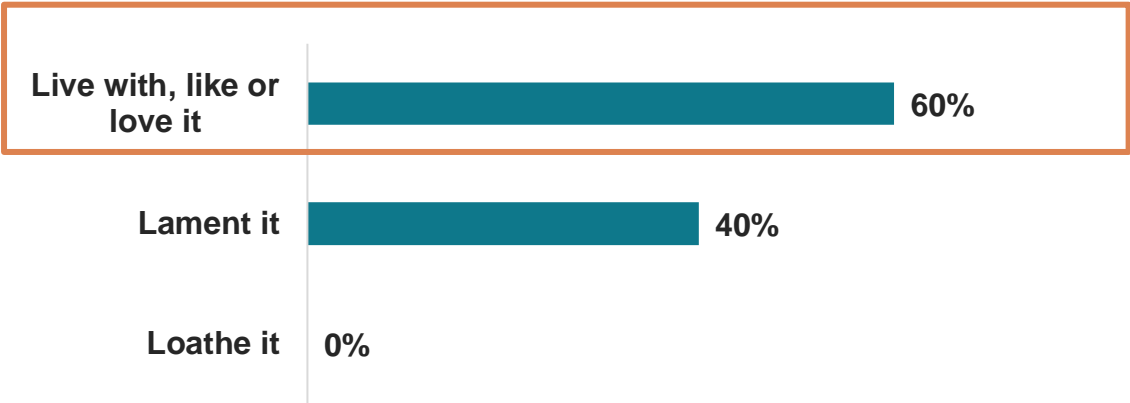
Tariff structures voting

Of the three options presented, hybrid option three was the preferred by small businesses, and the reasons are included. Refer to slide 34 for the complete details of options.

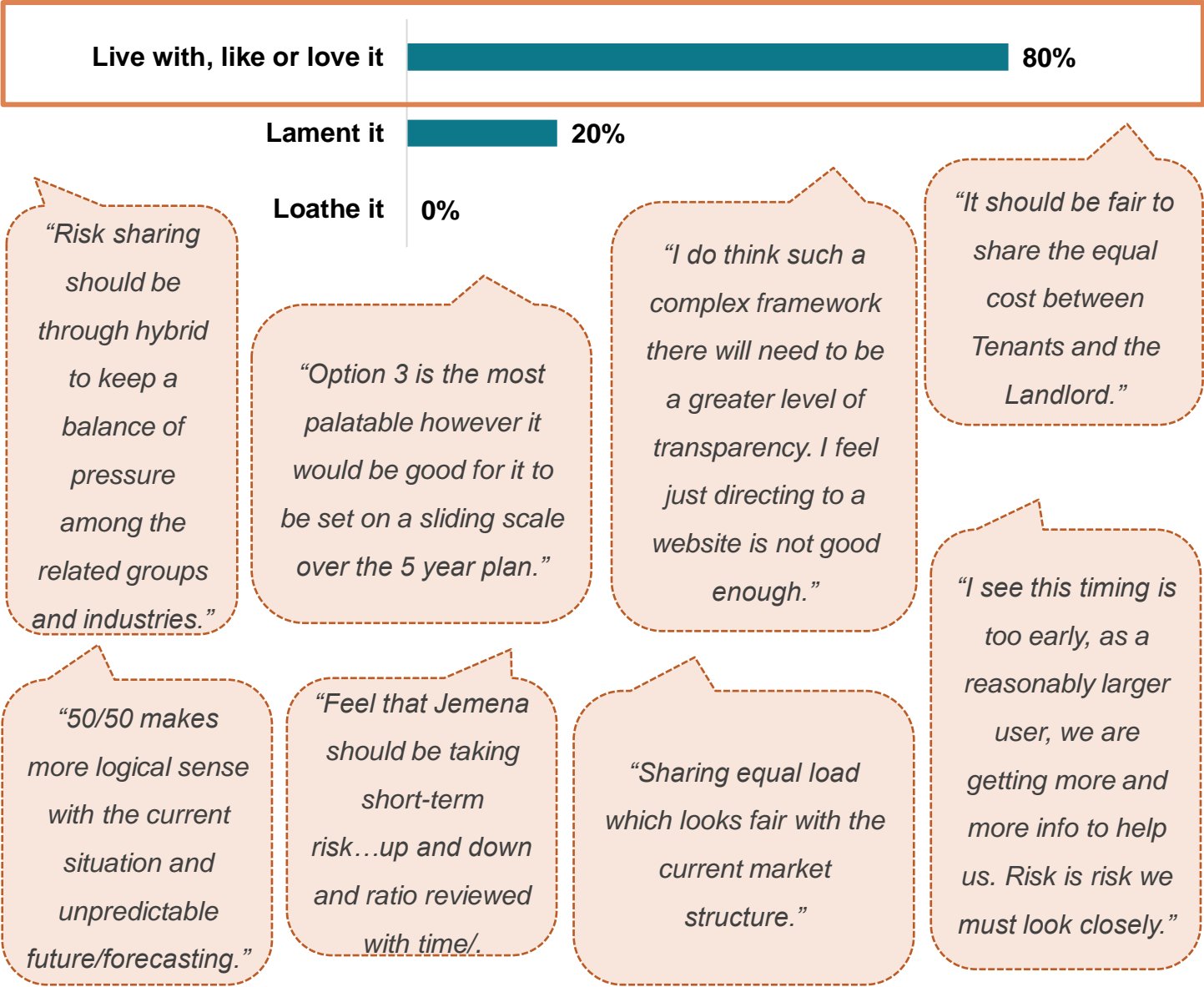
To what extent do you think risk sharing should be through hybrid option 1?



To what extent do you think risk sharing should be through hybrid option 2?



To what extent do you think risk sharing should be through hybrid option 3?



** Note a small base. The rating scale was five points: loathe, lament, live, like it and love it. Scale shown live, like it and love it.

Hybrid Option 3: Bounded sharing + 50/50 split

Examples of proposed hybrid option (from Draft 2025 Plan)

Example 1 – the amount of gas used is 5% lower than the forecast approved by the AER

Case 1: Threshold of 5% –sharing of revenue loss within agreed threshold

| Within $\pm 5\%$ | JGN | -5% |
|-------------------|-----------|-----|
| Outside $\pm 5\%$ | JGN | 0% |
| | Customers | 0% |

Case 2: Threshold of 3% –sharing of revenue loss higher than the agreed threshold

| Within $\pm 3\%$ | JGN | -3% |
|-------------------|-----------|-----|
| Outside $\pm 3\%$ | JGN | -1% |
| | Customers | -1% |

Example 2 – the amount of gas used is 5% higher than the forecast approved by the AER

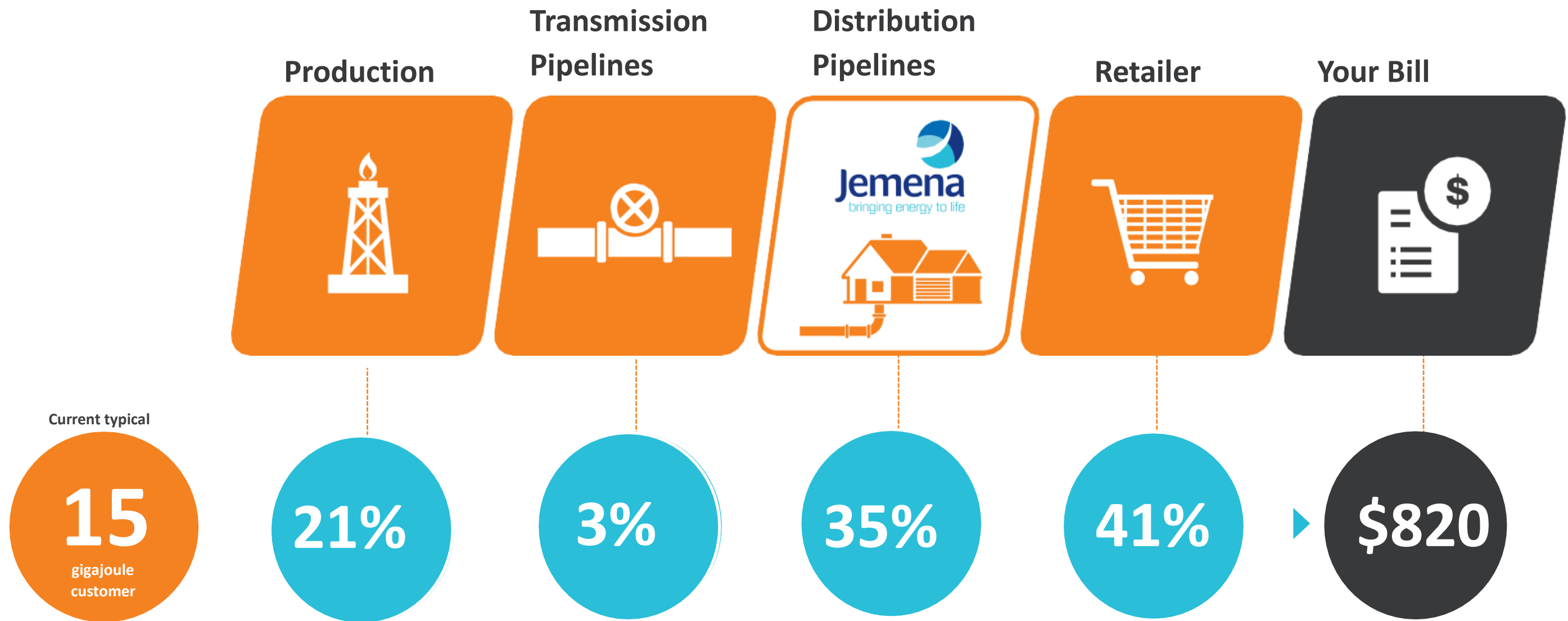
Case 1: Threshold of 5% –sharing of revenue gain within agreed threshold

| Within $\pm 5\%$ | JGN | 5% |
|-------------------|-----------|----|
| Outside $\pm 5\%$ | JGN | 0% |
| | Customers | 0% |

Case 2: Threshold of 3% –sharing of revenue gain higher than the agreed threshold

| Within $\pm 3\%$ | JGN | 3% |
|-------------------|-----------|----|
| Outside $\pm 3\%$ | JGN | 1% |
| | Customers | 1% |

Quick reminder: Jemena's proportion of the overall bill



* Based on a customer with gas heating, cooking and hot water appliances using 15,000MJ per year.
Calculated using assumed wholesale price of \$10GJ. Annual bill is for 2023-24 year.

Typical annual
household bill

Small business customer bill impacts - 5% threshold

5% outperformance

7% outperformance

| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
|--------------------------|--------------------|---|------------------|-----------------|------------------|-----------------|
| Information media (low) | 25 GJ | \$399 | - | - | -\$3.25 | -0.8% |
| Retail business | 50 GJ | \$553 | - | - | -\$4.51 | -0.8% |
| Food service provider | 100 GJ | \$830 | - | - | -\$6.77 | -0.8% |
| Healthcare provider | 200 GJ | \$1,383 | - | - | -\$11.29 | -0.8% |
| Information media (high) | 300 GJ | \$1,936 | - | - | -\$15.80 | -0.8% |

Note this is the distribution component only. 35% of the total bill.

Small business customer bill impacts - 3% threshold

5% outperformance

7% outperformance

| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
|--------------------------|--------------------|---|------------------|-----------------|------------------|-----------------|
| Information media (low) | 25 GJ | \$399 | -\$3.51 | -0.9% | -\$7.16 | -1.8% |
| Retail business | 50 GJ | \$553 | -\$4.89 | -0.9% | -\$9.94 | -1.8% |
| Food service provider | 100 GJ | \$830 | -\$7.30 | -0.9% | -\$14.91 | -1.8% |
| Healthcare provider | 200 GJ | \$1,383 | -\$12.17 | -0.9% | -\$24.85 | -1.8% |
| Information media (high) | 300 GJ | \$1,936 | -\$17.04 | -0.9% | -\$34.79 | -1.8% |

Note this is the distribution component only. 35% of the total bill.

Small business customer bill impacts - 5% threshold

5% outperformance

7% outperformance

| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
|--------------------------|--------------------|---|------------------|-----------------|------------------|-----------------|
| Information media (low) | 25 GJ | \$399 | - | - | -\$3.91 | -1.0% |
| Retail business | 50 GJ | \$553 | - | - | -\$5.42 | -1.0% |
| Food service provider | 100 GJ | \$830 | - | - | -\$8.13 | -1.0% |
| Healthcare provider | 200 GJ | \$1,383 | - | - | -\$13.55 | -1.0% |
| Information media (high) | 300 GJ | \$1,936 | - | - | -\$18.98 | -1.0% |

Note this is the distribution component only. 35% of the total bill.

Sharing ratio is moved from a 50/50 split to a 60/40 customer/network sharing split.

Small business customer bill impacts - 5% threshold

5% outperformance

7% outperformance

| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
|--------------------------|--------------------|---|------------------|-----------------|------------------|-----------------|
| Information media (low) | 25 GJ | \$399 | - | - | -\$2.60 | -0.7% |
| Retail business | 50 GJ | \$553 | - | - | -\$3.61 | -0.7% |
| Food service provider | 100 GJ | \$830 | - | - | -\$5.41 | -0.7% |
| Healthcare provider | 200 GJ | \$1,383 | - | - | -\$9.02 | -0.7% |
| Information media (high) | 300 GJ | \$1,936 | - | - | -\$12.63 | -0.7% |

Note this is the distribution component only. 35% of the total bill.

Sharing ratio is moved from a 50/50 split to a 40/60 customer/network sharing split.

Small business customer bill impacts - 3% threshold

5% outperformance

7% outperformance

| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
|--------------------------|--------------------|---|------------------|-----------------|------------------|-----------------|
| Information media (low) | 25 GJ | \$399 | -\$4.22 | -1.1% | -\$8.62 | -2.2% |
| Retail business | 50 GJ | \$553 | -\$5.85 | -1.1% | -\$11.95 | -2.2% |
| Food service provider | 100 GJ | \$830 | -\$8.78 | -1.1% | -\$17.93 | -2.2% |
| Healthcare provider | 200 GJ | \$1,383 | -\$14.63 | -1.1% | -\$29.89 | -2.2% |
| Information media (high) | 300 GJ | \$1,936 | -\$20.48 | -1.1% | -\$41.84 | -2.2% |

Note this is the distribution component only. 35% of the total bill.

Sharing ratio is moved from a 50/50 split to a 60/40 customer/network sharing split.

Small business customer bill impacts - 3% threshold

| | | | 5% outperformance | | 7% outperformance | |
|--------------------------|--------------------|---|-------------------|-----------------|-------------------|-----------------|
| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
| Information media (low) | 25 GJ | \$399 | -\$2.80 | -0.7% | -\$5.72 | -1.4% |
| Retail business | 50 GJ | \$553 | -\$3.89 | -0.7% | -\$7.93 | -1.4% |
| Food service provider | 100 GJ | \$830 | -\$5.83 | -0.7% | -\$11.90 | -1.4% |
| Healthcare provider | 200 GJ | \$1,383 | -\$9.72 | -0.7% | -\$19.84 | -1.4% |
| Information media (high) | 300 GJ | \$1,936 | -\$13.60 | -0.7% | -\$27.77 | -1.4% |

*Note this is the distribution component only.
35% of the total bill.*

Sharing ratio is moved from a 50/50 split to a 40/60 customer/network sharing split.

Small business customer bill impacts - 3% threshold

5% underperformance

7% underperformance

| Small business | Annual consumption | Average annual distribution component of bill | Bill change (\$) | Bill change (%) | Bill change (\$) | Bill change (%) |
|--------------------------|--------------------|---|------------------|-----------------|------------------|-----------------|
| Information media (low) | 25 GJ | \$399 | \$4.22 | 1.1% | \$8.62 | 2.2% |
| Retail business | 50 GJ | \$553 | \$5.85 | 1.1% | \$11.95 | 2.2% |
| Food service provider | 100 GJ | \$830 | \$8.78 | 1.1% | \$17.93 | 2.2% |
| Healthcare provider | 200 GJ | \$1,383 | \$14.63 | 1.1% | \$29.89 | 2.2% |
| Information media (high) | 300 GJ | \$1,936 | \$20.48 | 1.1% | \$41.84 | 2.2% |

Note this is the distribution component only. 35% of the total bill.

Sharing ratio is moved from a 50/50 split to a 60/40 customer/network sharing split.

Q&A

- We will break into groups to discuss what you've heard.

Some questions for you:

- What are your initial thoughts on what you've heard? What other questions do you have for Jemena?
- What implications or opportunities do you see for your small business?
- Do you have a view on the cap and collar threshold (%)? 3% or 5%?
- Do you have a view on the 50:50 sharing of volume risk between us and customers beyond the cap and collar threshold?
- What about the 60:40 sharing of volume risk? What about 40:60 sharing?
- After we discuss in groups, we will report back in plenary.
- Then after the break we will vote!

Break!

Back in 5 minutes

Voting on Menti

Consider all you've heard tonight.

Questions:

- *Any initial reflections on how Jemena has incorporated customer and stakeholder recommendations into the Draft 2025 Plan?*
- *What's your level of comfort with 50:50 sharing of volume risk? (like – loathe scale)*
- *What's your level of comfort with the 40 (customer) : 60 (network) sharing of volume risk? (like – loathe scale)*
- *What's your level of comfort with the 60 (customer) : 40 (network) sharing of volume risk? (like – loathe scale)*
- *What's your level of comfort with 3% threshold? (like – loathe scale)*
- *What's your level of comfort with the 5% threshold? (like – loathe scale)*
- *Prompt after each vote: why did you vote that way? (open response)*
- *Any other thoughts (open response)*



Scan the QR code or go to
www.menti.com and enter the
code 2701 8280!

**to hear,
listen
and think**

