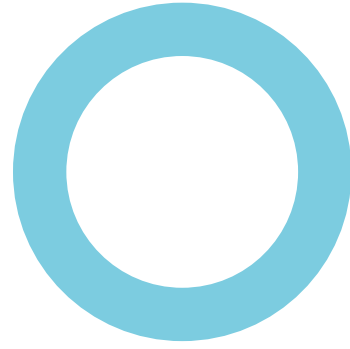


Jemena Gas Networks

A guide to our
Draft 2025 Plan



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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

Have your say on our website: yournetwork.jemena.com.au



Purpose

This document summarises the Draft 2025 Plan for Jemena Gas Networks.



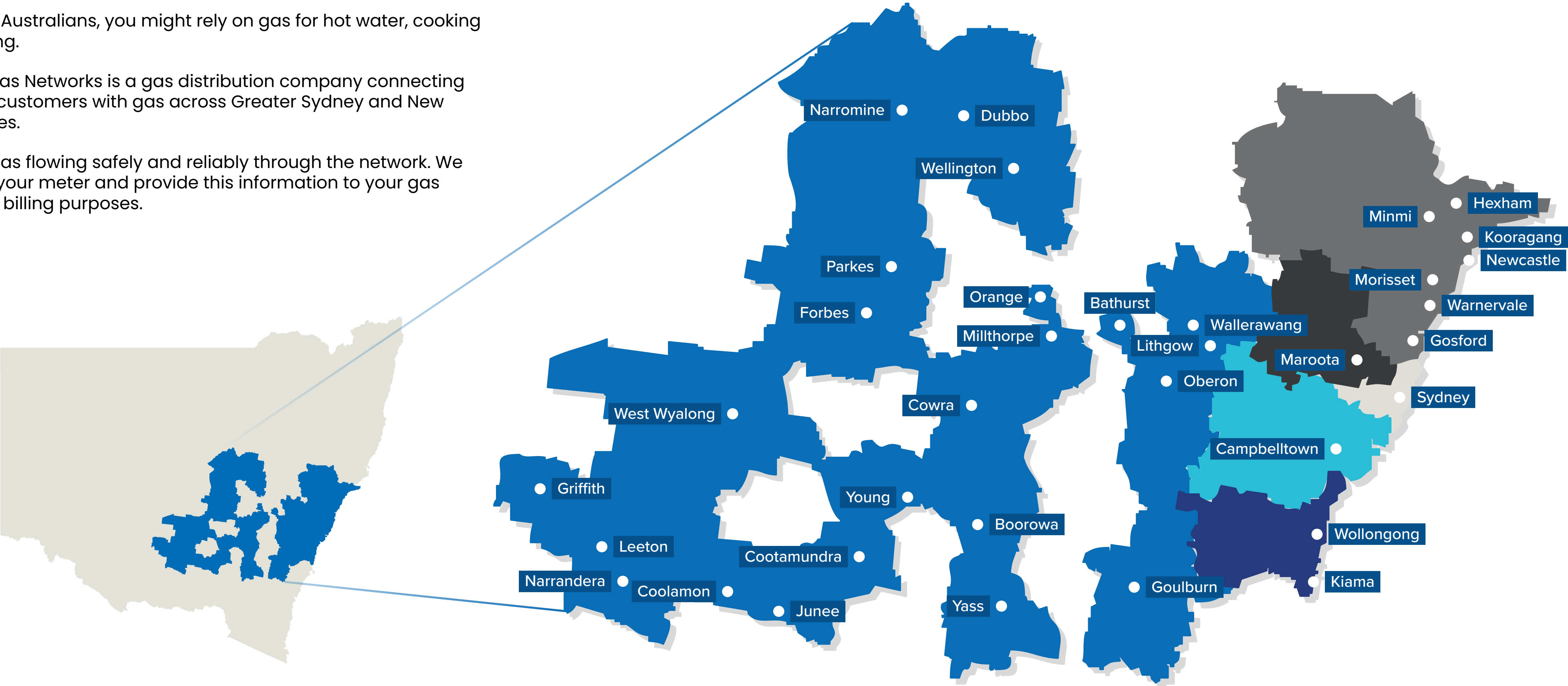
Jemena Gas Networks map

Menu

Like many Australians, you might rely on gas for hot water, cooking and heating.

Jemena Gas Networks is a gas distribution company connecting 1.5 million customers with gas across Greater Sydney and New South Wales.

We keep gas flowing safely and reliably through the network. We also read your meter and provide this information to your gas retailer for billing purposes.



Overview of the Draft 2025 Plan

Over the last 18 months, we have been engaging with our customers and key stakeholders to understand their expectations and views on the services we provide and how we should best plan for, and support, the energy transition.

This Draft 2025 Plan summarises what we have learned and explains how these views have shaped our initiatives for our gas network over the period, 1 July 2025 to 30 June 2030. By publishing our plan, we aim to test whether we have correctly heard and understood these needs and expectations, including testing whether they are satisfied that our Draft 2025 Plan, when considered as a whole, supports the long-term interest of our customers.

The priorities of our customers can be summarised by their key values:

- **Affordability** – we heard that balancing the rising cost of living is a priority for our customers so that no one is left behind due to the energy transition. Our customers want us to consider affordability over the short and long-term when making decisions.
- **Reliability and safety** – we heard that customers want a safe and reliable gas service

- **Fairness** – our customers want us to consider fairness in context of the energy transition, and its impacts on both existing and future generations, and on our more price-sensitive customers.
- **Access to the gas network (Choice)** – We heard that customers want the choice to be able to use gas both now and into the future, and that there should be diversity of supply.
- **Environment** – We heard from customers that they want us to contribute to a more sustainable environment in the future.

In developing our Draft 2025 Plan, we have sought to ensure that it is consistent with the National Gas Objective, including its recent update to recognise Commonwealth and State Government emissions targets, and to account for the recognition of biomethane and hydrogen blends within the regulatory framework with these new measures taking effect in mid-2024.

We welcome your feedback by **Monday, 4 March 2024.**

Take the survey by visiting yournetwork.jemena.com.au/gas-networks-2050/draft-2025-plan-take-survey

Timeline

In recognising that we need to be adaptive to the needs of our customers, we have reviewed, refined and updated our engagement approach. This approach helps our customers and stakeholders to meaningfully participate in our process.



Strategic context and background to our Draft 2025 Plan

The energy system is undergoing a once-in-a-generation transformation. We are operating in a period of significant uncertainty surrounding the future role of gas networks in the Australian energy landscape. This presents a complex challenge for us and our customers in determining how best to respond to the challenge in the long term interests of consumers.

Whilst we believe that our network can play a vital role in supporting the transition to net zero, there is still much uncertainty about both the exact pathway and pace of the energy transition.

The Australian Energy Market Operator (AEMO) forecasts residential and small commercial consumption to gradually decline in the short term, with electrification to reduce natural gas usage more significantly in the medium to longer term as the economy transitions to meet net zero emissions by 2050.

This uncertainty adds complexity to our planning processes but the need to act now is imperative – the earlier we start to address the challenges presented because of the rapid energy transition, the smoother the pathway to net zero will be. Our 2025 Plan will implement initiatives based on the best available information and provides flexibility to adjust these initiatives in the future as new information becomes available.

Regardless of how we respond to the energy transition, we must also continue to meet our regulatory obligations in the areas of safety, reliability, security, and the environment, which are key drivers of our expenditure forecasts for the 2025 Plan period.

Customer and stakeholder feedback on the Draft 2025 Plan will inform our Access Arrangement Revision Proposal that we will submit to the Australian Energy Regulator (AER) on 30 June 2024.

Menu



What our Draft 2025 Plan means for our customers

Our Draft 2025 Plan will ensure that we can continue to provide our customers with a safe and reliable service over the 2025–30 period, and puts in place a number of initiatives aimed at supporting a fair and equitable energy transition over the long term.

These initiatives include:

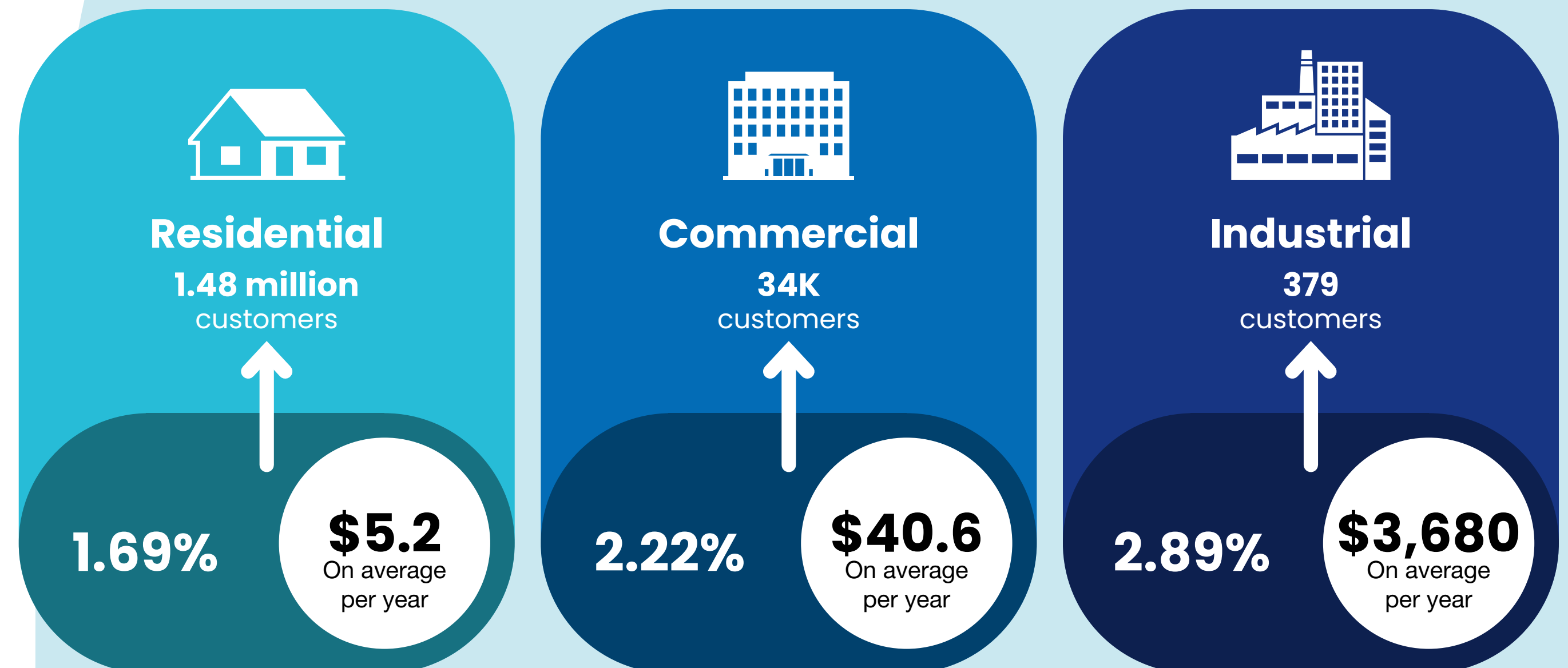
- Access to renewable gas
- A new approach to our connections strategy
- Bringing forward recovery of capital
- A targeted asset management approach.

While some of these initiatives place upward pressure on customer's bills in the next five-year period, they will help provide greater stability to prices over the longer term. Most customers and stakeholders we spoke to recognise the need for action now to meet the challenges ahead, and to support the transition to net zero emissions by 2050.

The bill impacts are shown across the different customer groups here.

* 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.

What we've learned from you

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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.



Customer values

Household customers identified these values to guide the Draft 2025 Plan. These values helped guide the consultation and decision-making process for both customers and Jemena.



Affordability



Reliability
& Safety



Fairness



Access to the
gas network
(Choice)



Environment

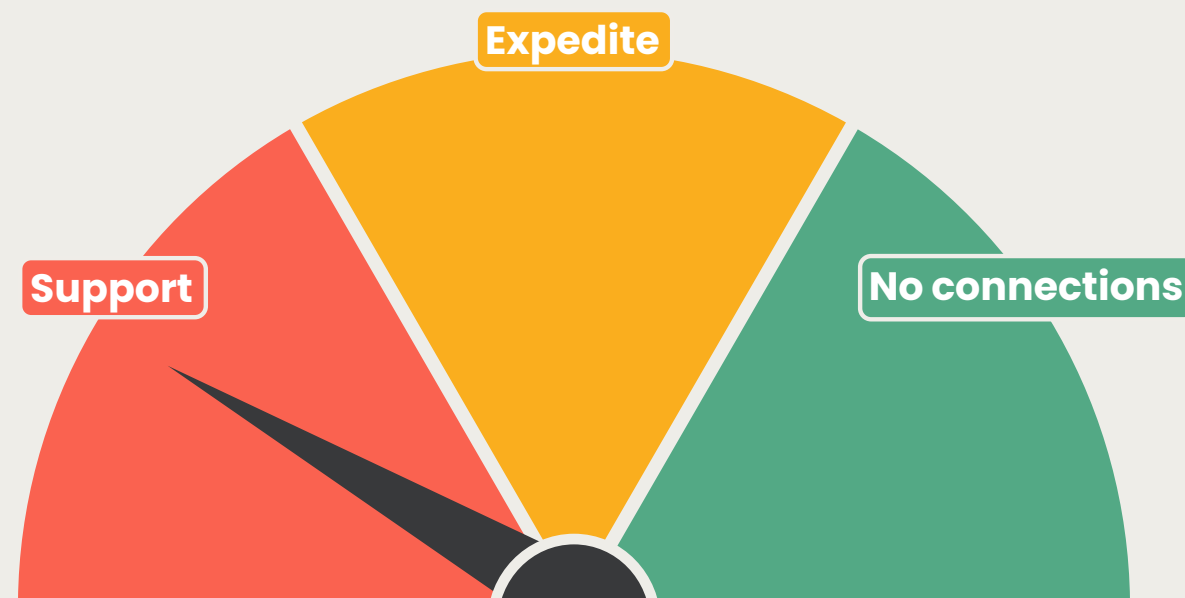
Customer Forum preferences

As we progressed our engagement we sought particular views on areas that would help Jemena and our customers through the transition. This is what our household customers told us.

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Moving towards renewable gas

Final voting indicated 90% of participants supported renewable gas.

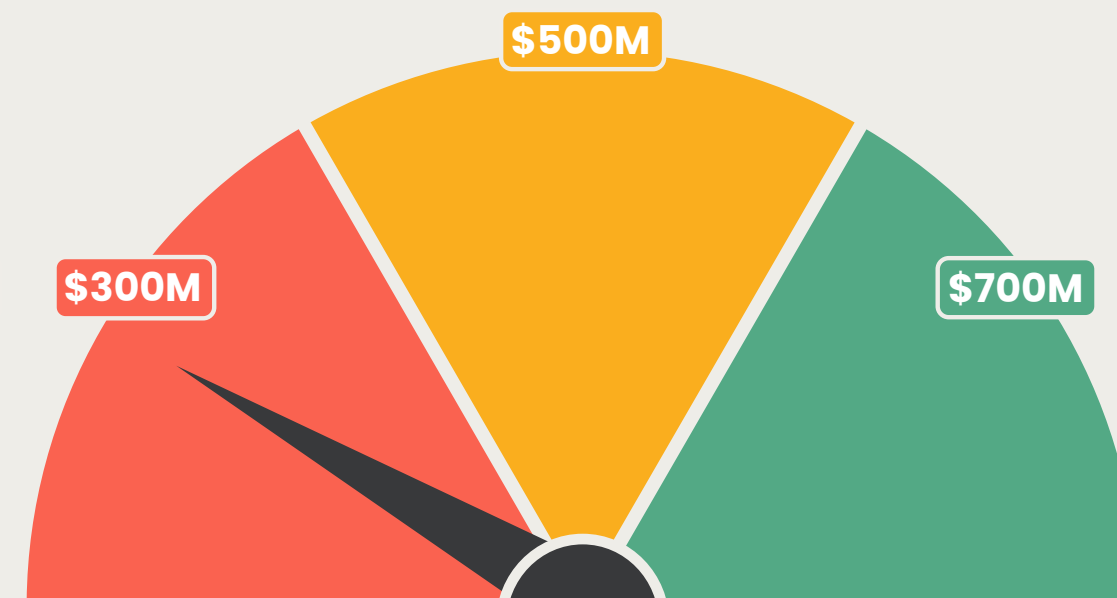


"The total reliance on one form of energy could be disastrous..."

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

Speeding up recovery

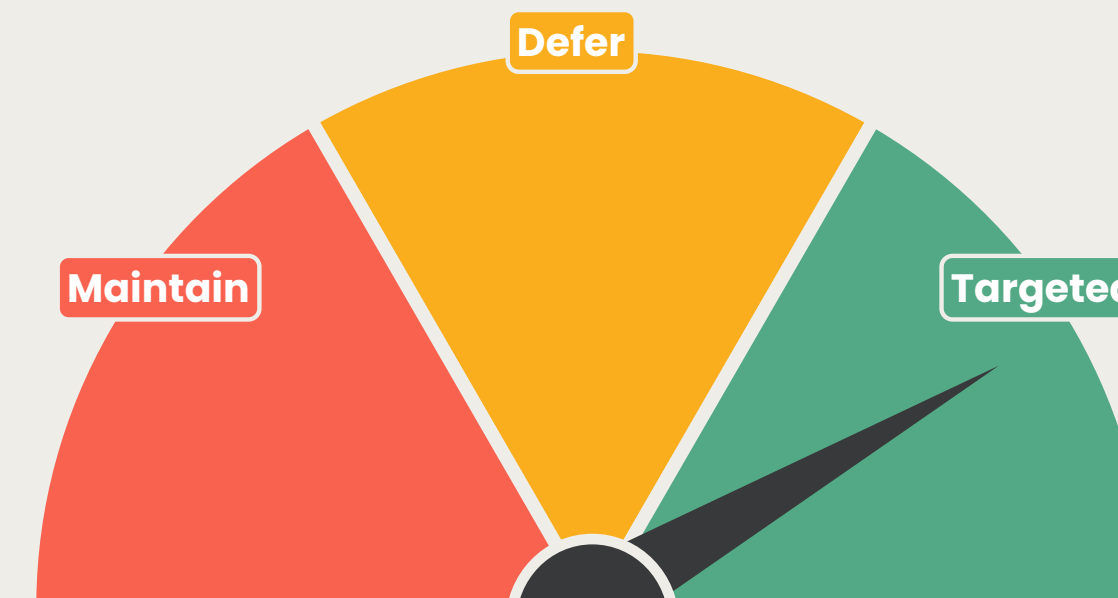
Final voting showed a preference for \$300m when it came to capital recovery.



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

How we manage our assets

Final voting indicated a preference for a targeted approach, maintaining assets and making repairs as needed.

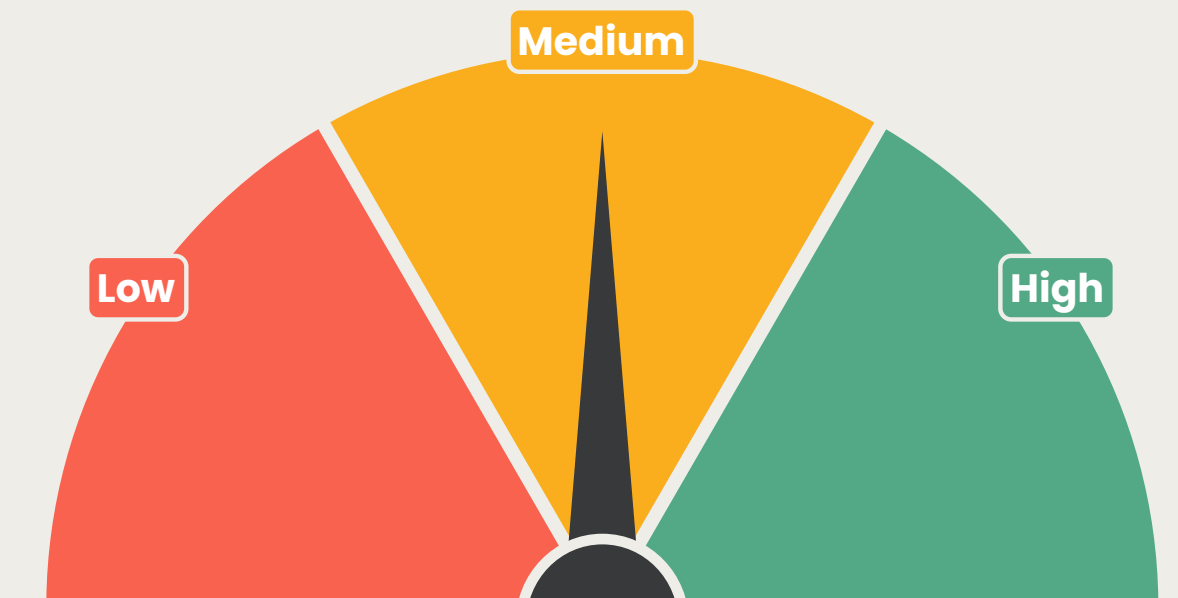


"Safety and reliability are important factors to ensure sustainable use of energy in the long run..."

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

A new approach to connections

Final voting showed participants preferred for costs to be shared between new customers connecting to the network, and the entire customer base.



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

"People need middle ground and may think more rationally before making new connections..."

Customer Forum preferences

Menu

Supporting vulnerable customers

Final voting showed an overwhelming (92%) preference when it came to Jemena doing more to support vulnerable customers.

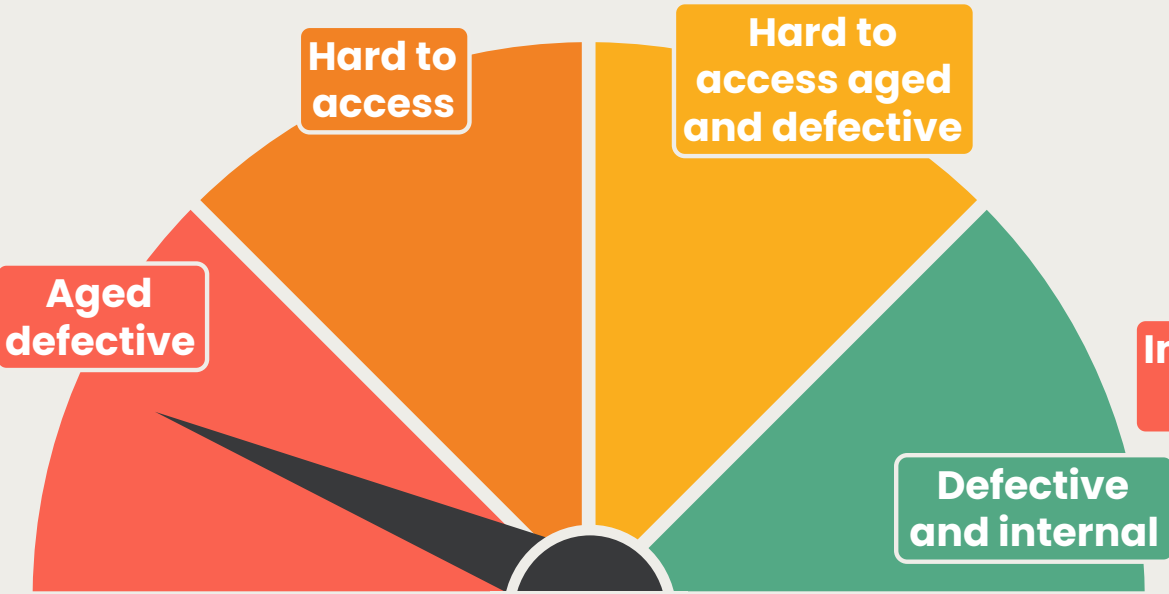


"Helping someone in need is integral to maintaining business and connections..."

"Supporting vulnerable customers is essential as we can all become vulnerable due to an unexpected change in circumstance..."

Digital metering

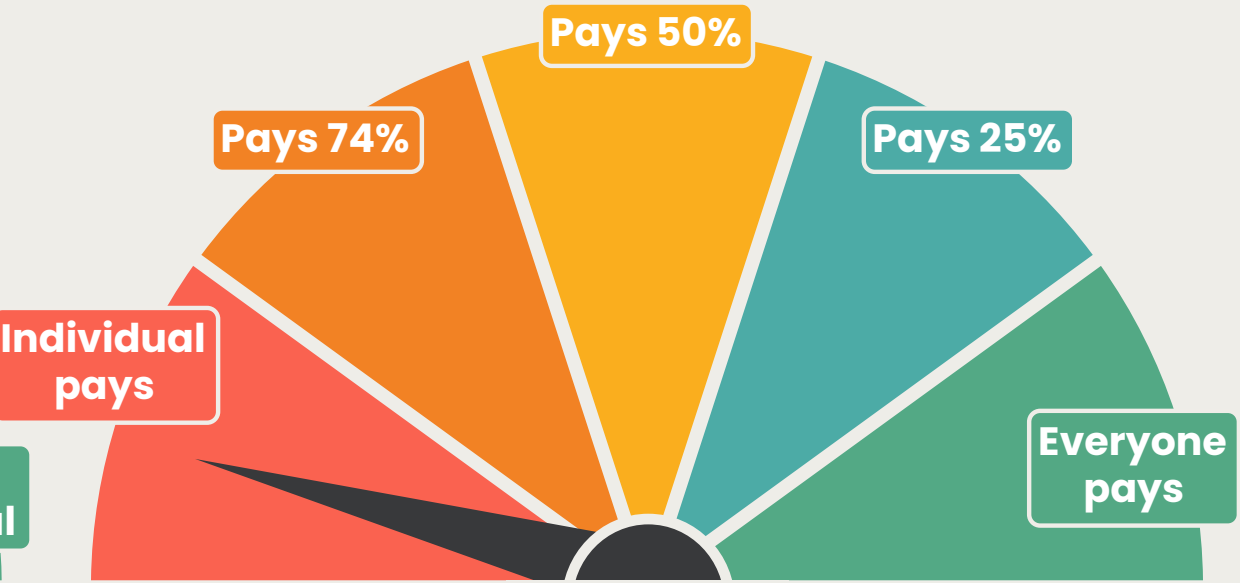
Final voting indicated a preference for only replacing aged / defective meters with digital meters as needed (8,000 per annum).



"Replacement when needed makes the most sense..."

Permanent disconnections

Final voting showed a preference for disconnecting customers to pay the costs associated with permanently disconnecting from the network.



"Disconnecting customer should pay..."





How we've used customer feedback in the Draft 2025 Plan

How will we minimise impacts on customers over the next five years, while still embracing opportunities, and keeping choices open for customers during the transition?

By balancing affordability with the needs of future generations we can ensure we are providing support to vulnerable customers.

By retaining choice for customers when and if they want it, for example, providing access to a renewable gas source, such as biomethane.

By changing our approach to our maintenance program and asset planning to allow for a longer life for our pipes, while at the same time maintaining reliability.

By implementing a number of initiatives that seek to ensure prices remain stable and equitable over time.

How to navigate the Draft 2025 Plan

The documentation in our Draft 2025 Plan is long and detailed.

This guide will assist you in finding your way to the areas and topics that are most important to you.

Summary iv	Background: setting the scene Ch. 1	How our customers have shaped our plans Ch. 2	Responding to the energy transition Ch. 3	Our planned capital investments Ch. 4
Our operating expenditure requirement Ch. 5	The revenue we require to deliver our 2025 Plan Ch. 6	Forecasting our connections and gas consumption Ch. 7	Accessing our network Ch. 8	Pricing for current and future generations Ch. 9



How to get involved

We invite customers and stakeholders to review this document and share thoughts and feedback with us.

Ways to give feedback includes:

- make a submission or complete the feedback survey on our website:
yournetwork.jemena.com.au/gas-networks-2050/draft-2025-plan
- give feedback via email:
yournetwork@jemena.com.au

Submissions and feedback close on 4 March 2024.

