

28 June 2024



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Chair  
Australian Energy Regulator  
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Dear Clare

### **JGN 2025 Access Arrangement Proposal**

Jemena Gas Networks (**JGN**) is pleased to submit its 2025-30 Access Arrangement (**AA**) proposal, which sets out the gas network services we will provide in meeting customer expectations and our regulatory requirements, the forecast costs we expect to incur in providing our services and our proposed approach to pricing.

With energy underpinning every part of our lives, the energy transition is something which impacts us all. As such, developing our 2025 Plan has been an important, and difficult task, as we have sought to balance the needs of our customers today, while also preparing for their needs in the future.

Our 2025 Plan will result in an average real network bill increase of 1.44% per year over the 2025-30 period for a typical residential customer. A typical commercial customer consuming 500GJ annually will experience an average real network bill increase of 2.78% per year over the 2025-30 period. This is partially attributable to the introduction of new tariffs designed to categorise customers based on their consumption levels. For our large industrial customers, our 2025 Plan will result in an average real network bill increase of 3.09% per year over the 2025-30 period. This is because we are proposing to gradually increase the revenue proportion we recover from our demand customers to enhance the cost reflectivity of our tariffs.

In developing our plans for the 2025-30 period, we have undertaken an extensive engagement program with our customers and key stakeholders over an 18-month period to understand their expectations of the services we provide, and their views about how we should best plan for, and support, the energy transition in the face of uncertainty. Our 2025 Plan summarises what we have learned from our customers and stakeholders, and explains how their views have shaped our initiatives for our gas network over the 2025 Plan period.

The priorities of our customers—which can be summarised by their key values of affordability, reliability and safety, fairness, choice, and the environment—have played an important role in shaping our 2025 Plan.

In developing our 2025 Plan, we have been cognisant of the price impacts on customers both now and into the future. While some of the initiatives place an upward pressure on customers' bills in the 2025-30 period, they will help provide greater stability to prices over the long term, and support the efficient future utilisation of our gas network.

Recognising affordability and cost of living pressures impacting customers today, we have sought to carefully balance the need to take action now against the short-term price impacts of our initiatives. We believe that our 2025 Plan, which has been shaped by the feedback of our customers, reflects a balanced approach. Importantly, if we delay taking action during the 2025 Plan period, customers will be worse off over the long term.


Our 2025 Plan will ensure that we can continue to provide our customers with a safe and reliable service over the 2025 Plan period, and proposes a number of initiatives aimed at supporting a fair and equitable energy transition for customers over the long term. These initiatives include, but are not limited to:

- Investing in renewable gas connections from biomethane suppliers so that customers can access renewable gas sooner, obtain greater energy security from fuel diversification and reduce emissions
- Changing our approach to asset management by taking a more targeted approach to the assets we replace utilising gas detection leakage technology that will also enable us to reduce emissions
- Proposing changes to our new connections policy which means that customers requiring more than a basic meter kit to connect to our network may be required to make an up-front contribution if they wish to connect to our network
- Speeding up the capital recovery of our assets in response to the energy transition
- Making changes to our tariff structures as they can be more adaptable and ensure fairness in the way we charge for the provision of our services
- Moving away from a price cap tariff variation mechanism to a hybrid mechanism where we will share risks between us and customers and address the AER's concerns around gas networks earning higher than forecast revenues by limiting revenue earned through volume outperformance.

Our 2025-30 AA proposal comprises the following documents:

- the proposed 2025-30 Access Arrangement
- the proposed 2025-30 Reference Service Agreement
- Access Arrangement Information including our 2025 Plan, detailed attachments and regulatory models.

On 23 February 2024, the AER served a Regulatory Information Notice (**RIN**) on JGN, requiring it to prepare a response by 1 July 2024. Accompanied with our AA submission we have also lodged our response to the RIN to support our 2025 AA proposal.

We would welcome the opportunity to discuss any aspect of our 2025 AA proposal or RIN response with you or your staff. If you have any questions, please contact Ana Dijanosic, General Manager Regulation, via email: 

Yours sincerely



**David Gillespie**  
Managing Director