bd infrastructure

June 2024

Tariff Forum outcomes report

Jemena Gas Networks 2025-2030 Regulatory Reset

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bd infrastructure Pty Ltd
ABN 84 161 384 596
www.bdinfrastructure.com

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Executive Summary

Background

Jemena Gas Networks (JGN) is the largest gas distributor in New South Wales, delivering natural gas to more than 1.5 million homes and businesses across Metropolitan Sydney, the Illawarra, Hunter Region and Regional NSW. Every five years, the business must prepare a costed business plan for the Australian Energy Regulator (AER) that outlines its proposed operational and capital expenditure for the forward regulatory period. The AER then determines what it can recover from customers over this period. The next regulatory period for JGN spans 1 July 2025 to 30 June 2030.

The AER expects regulated businesses to develop revenue plans that are consistent with the regulatory rules (including the National Gas Rules), in the long-term interest of customers, and developed through customer engagement that meets its expectations as set out in the *Better Resets Handbook*, *2022*. These expectations are driving a step-change in people-focussed energy planning.

In May 2023, the AER published an issues paper, *Review of gas distribution network reference tariff variation mechanism and declining block tariffs*, which sought to assess whether weighted average price caps and declining block tariffs were appropriate in the context of amendments to the National Energy Objective. JGN developed the Draft 2025 Plan in response to the challenges it raised, which included engaging deeply with gas customers on gas tariff structures and Form of Price Control.

Process

JGN established a specific Tariff Forum to develop a customer-informed response to the AER issues paper and to meet the expectations of the Better Resets Handbook. The Forum was tasked with advising JGN on the following remit:

Net zero 2050 is causing uncertainty and change for the energy sector. Jemena and its regulator are reviewing how gas is priced for customers. Different pricing methods will affect how much customers pay, in different ways, with some winners and some losers. Jemena wants you to answer: Which type of pricing method is in the best interest of customers?

The Forum met in three Stages. Stage 1 comprised 29 residential customers, from which 16 were selected to take part in Stages 2 and 3. The participants were selected by an external market research company to achieve a broad representation of genders, housing tenure and cultural background. Participants were given a stipend for their attendance at workshops and completion of homework tasks. Across the three Stages, they deliberated for a total of 26 hours through eight workshops and four homework exercises.

Outcomes

The Tariff Customer Forum explored the issues of risk and fairness at the heart of tariff design and ended with a rich understanding of the core concepts including the difference between forecast demand and actual demand, and the notion of volume risk. Their thoughts and understanding of tariffs changed over the course of the engagement program as they learned more about the gas network. They challenged Jemena on the extent of their risk profile but accepted a sharing mechanism after deep consideration of gas forecasts and indicative bill impacts.

The key outcomes were as follows:

Stage 1	Stage 2	Stage 3 – final preferences
During Stage 1, participants defined customer best interest as: ***Household customers shouldn't be disadvantaged, and gas supply should be reliable and safe – and we should meet and exceed environmental obligations.*** At the end of Stage 1: • Most participants agreed that either Jemena should bear the risk or there should be a hybrid model where there was some risk sharing with customers. It was noted that Jemena was in a better position to manage the risk, but that to ensure the ongoing business viability of Jemena, that customers felt they should share some portion. • In terms of encouraging more gas use, there was a split across the groups, with three groups clearly agreeing that more gas usage should not be encouraged due to environmental reasons. The other two noting that the supply charge component should change in some way and that the current way works well now As a result, JGN developed the following tariff concepts: • Separate large and small use gas tariffs • Reducing tariff blocks from six to four • Exploring customer support for a hybrid form of control, which would allow for risk sharing between customers and JGN	During Stage 2 participants provided • 100% support for separating large and small use gas tariffs. • 100% support for reducing tariff blocks from six to four. • Between 80% and 88% support for the three hybrid form of price control options However, support for the hybrid form of control is caveated by a strong desire to see Jemena take a greater share of the risk than customers.	During stage 3, participants revisited tariff structure and form of control proposals that were considered during stage 2 to test their alignment with the proposed tariffs outlined in JGN's Draft Plan. Participants deepened their understanding of gas forecast and the considerations that go into risk sharing. Participants were provided demand forecasts for gas consumption and new connections which showed a declining trend towards the end of the 2025-30 period. They reaffirmed their support for proposed tariff structures and for a hybrid form of price control in the context of understanding volume risk and indicative bill impact information. **At the end of Stage 3 – and the process overall – customers expressed a strong preference for a 5 per cent sharing threshold and a 50:50 sharing ratio.**

1 Approach

1.1 Context

JGN's 2025-2030 regulatory period will take place amidst a period of rapid change and uncertainty for the gas network. Australia is moving to net zero carbon emissions by 2050, a target mandated in legislation and policy at both the State and Federal level. This is driving the transition of the energy sector towards a renewably sourced, largely electric future. However, the speed and extent of electrification depends on consumer preferences, policy and regulation, technological developments, and workforce and market capability.

This shift has created uncertainty for gas distribution companies. JGN has been grappling with this uncertainty and the implications for current and future gas customers. It therefore established multiple engagement forums, including the Tariff Forum, to engage customers on various facets of the 2025 Plan. These are outlined below:

- **An Expert Panel** comprising leading experts in the energy markets and the transition. The Panel's role was to develop and scope future gas scenarios to provide context to the business plan.
- **An Advisory Board** made up of customer advocates and specialists whose role was to consider regulatory and policy response options in the context of the future scenarios.
- **A Customer Forum** made up of residential customers working within a deliberative approach to answer a remit, grapple with the trade-offs at the heart of the transition and provide recommendations to JGN.
- **Key Voices** groups to provide the Customer Forum with the unique perspectives of Culturally and Linguistically Diverse and Young People to ensure the recommendations considered these key voices.
- **A Tariff Forum** made up of representative residential customers tasked with providing direction to JGN on whether proposed tariff structures and forms of control were in the long-term interests of customers.
- **Large customer, small business and retailer forums** to consult on relevant aspects of the plan.

1.2 Purpose and remit

To ensure the 2025 Plan responds adequately to the issues in the AER issues paper, JGN established a Tariff Forum. This forum was used to test gas tariff options with residential customers, specifically the appropriateness of a Weighted Average Price Cap and declining block tariffs in the context of the transition to Net Zero. The Forum was tasked with advising JGN on the following remit:

Net zero 2050 is causing uncertainty and change for the energy sector. Jemena and its regulator are reviewing how gas is priced for customers. Different pricing methods will affect how much customers pay, in different ways, with some winners and some losers. Jemena wants you to answer: Which type of pricing method is in the best interest of customers?.

The Forum adopted elements of deliberation in that it assembled a representative group of customers and provided them with time, information, access to independent expertise, and a high level of influence over the outcome.

1.3 Composition

Twenty nine customers were selected to take part in the first stage of the tariff engagement. The participants were selected by an external market research company to achieve a broad representation of genders, housing tenure and cultural background. From this group, 16 were then selected to take part in Stage 2 due to their understanding and grasp of the topics. These same 16 were invited back for Stage 3, of which 12 accepted.

Table 1: Forum composition

Category	Stage 1	Stage 2 and 3
Gender	• Female (n=17): 57% • Male (n=12): 43%	• Female (n=9): 56% • Male (n=7): 44%
Gas usage	• Yes (n=29): 100% • No (n=0): 0%	• Yes (n=16): 100% • No (n=0): 0%
Age	• 18-24 (n=3): 10% • 25-34 (n=5): 17% • 35-49 (n=8): 28% • 50-64 (n=9): 31% • 65+ (n=4): 14%	• 18-24 (n=2): 13% • 25-34 (n=4): 25% • 35-49 (n=4): 25% • 50-64 (n=3): 19% • 65+ (n=3): 19%
Tenure	• Own/ part-own (n=23): 79% • Rent (n=6): 21%	• Own/ part-own (n=14): 88% • Rent (n=2): 13%
Dwelling type	• Detached or semi-detached house (n=15): 52 per cent • Villa, terrace or townhouse (n=4): 31% • Apartment or unit (n=9): 14% • Other (n=1): 3%	• Detached or semi-detached house (n=9): 56% • Villa, terrace or townhouse (n=2): 13% • Apartment or unit (n=5): 31% • Other (n=0): 0%
Primary language spoken at home	• English only (n=23): 79 % • Language(s) other than English (n=6): 21 % Languages other than English included Cambodian, Chinese, Gujrati Hindi, Japanese, Mandarin and Tagalog.	• English only (n=12): 75% • Language(s) other than English (n=4): 25% Languages other than English included Chinese, Gujrati, Hindi (n=2) and Mandarin.
Geography	• Greater Sydney (n=12): 41% • Hunter/ Central Coast (n=3): 10% • Illawarra (n=5): 17% • Regional 1 (Goulburn, Bathurst, Yass, Cowra) (n=7): 24% • Regional 2 (Griffith, Forbes, Dubbo) (n=2) 7%	• Greater Sydney (n=7): 44% • Hunter/ Central Coast (n=1): 6% • Illawarra (n=3): 19% • Regional 1 (Goulburn, Bathurst, Yass, Cowra) (n=3): 19% • Regional 2 (Griffith, Forbes, Dubbo) (n=2): 13%

1.4 Payment

Participants were paid for their participation with payment dependent on attendance at workshops and completion of offline activities. The stipends provided are listed in Table 2.

Table 2: Participant stipends

Stage 1		Stage 2		Stage 3	
Activity	**$**	**Activity**	**$**	**Activity**	**$**
Workshop 1 participation	$125	Preparation and reading	$80	Workshop 1 participation	$100
Reading and Activity task 1	$50	Workshop 1 participation	$75	Reading and Activity task 1	$50
Workshop 2 participation	$100	Reading and Activity task 1	$80	Workshop 2 participation	$100
Workshop 3 participation	$125	Workshop 2 participation	$75		
		Reading and Activity task 2	$80		
		Workshop 3 participation	$150		
Total for all activities	**$275**	**Total all activities**	**$540**	**Total all activities**	**$250**

1.5 Hearing from others

The Tariff Forum heard from seven independent experts who formed 'Brains Trusts' for Stages 1 and 2. They were present in three of the eight workshops: Stage 1, workshops 2 and 3; and Stage 2, workshop 2. These experts provided participants with their individual perspectives on issues of fairness, risk and pricing.

Stage 1 Brains Trust

- Victoria Jordan (JGN Advisory Board member)
- Zubin Maher- Homij (Dynamic Analysis)
- Matt Pearce (KPMG)
- Douglas McCloskey (Public Interest Advisory Council).

Stage 2 Brains Trust

- Zubin Maher- Homij (Dynamic Analysis)
- Gavin Dufty (St Vincent de Paul)
- Matt Warren (Frontier Economics)
- Jordan Rigby (Red Energy).

1.6 Capturing feedback

A system of voting called the L-scale was used to gauge the group's level of acceptance with the tariff options. This is an adapted version of a 5-point Likert scale developed by award-winning engagement consultants MosaicLab. The L-scale enables group participants to indicate whether they *Loathe*, *Lament*, [could] *Live with*, *Like* or *Love* a proposal. When conducted, participants are asked to indicate what about the proposal would need to change for them to vote at a higher level. These comments are then used to amend the proposal and subsequent iterations are voted on again.

More binary voting scales force people into 'for' or 'against' positions that make it hard to settle on a group view. By contrast, the L-scale allows people to indicate a level of support for a proposal while also providing caveats and conditions. It also provides the proponent organisation with a better understanding of a group's support (or otherwise). Is support strong or lukewarm? Is opposition outright or could it be turned around? As such, '*Live with'* is taken as support for a project albeit with conditions for improvement, and a threshold is aimed for in discissions of 80 per cent '*Live with'* or above.

Figure 1: The L-scale

1.7 Process

The Tariff Forum met in three Stages. Across the whole program, a total of eight online workshops and four asynchronous homework activities were undertaken, as shown in Table 3.

Table 3: Tariff Forum Process

Forum	Purpose	Pre-reading	Activities	Output
Stage 1 – To agree the principles that would inform the design of tariff structure and pricing forms of control				
Workshop 1 Wed 5 July 17:30-20:30	• To learn about JGN, tariffs and the process	• Background report on the process, JGN and gas tariffs	• Presentations • Small group discussion • Thoughts on Mural	• Expectations for the process • Ways of Working • Questions for the Brains Trust
Homework W/c 17 July	• To help shape the design of workshop 2	• Survey link	• Emailed answers to: • *What does "in the best interest" mean to you?* • *One question for the Brains Trust?*	• Considered input to Workshop 2 design
Workshop 2 Tues 18 July 18:00-20:00	• To quiz the Brains Trust on tariffs and how they impact customers.	• Workshop 1 report • Tariff Ready Reckoner • Brains Trust bios	• Speed Dialogue to quiz the Brains Trust	• Insights derived from conversations with the Brains Trust.
Workshop 3 Wed 2 Aug 17:30-20:30	• To develop tariff principles that are in the best interests of customers	• An infographic Explaining risk sharing	• Presentations • Small group discussion • Thoughts captured on GroupMap	• Definition of 'best interest' • Direction for JGN to take most of the volume risk. • Direction for gas prices not to encourage use.
Stage 2 – To provide direction on whether tariff concepts are in the best long-term interests of customers				
Preparation W/c 30 Oct	• To ensure participants had the right tech-set up to participate	• Email with the Forum process, dates, times and Zoom links	• One-on-one Zoom meetings	• Participants comfortable with tech set-up and process
Workshop 1 Thurs 9 Nov 17:00-18:30	• To recap on stage 1, set Ways of Working and learn about proposed tariff options.	• Tariff 101 explainer • Overview of proposed options • Summary of stakeholder submissions to AER	• Presentations • Small group discussion • Thoughts captured on Mural	• Ways of Working • Brains Trust Questions • Pricing • Fairness and equity • Sharing risk • Net Zero
Homework 1 W/c 13 Nov	• To develop questions for external experts (The Brains Trust)	• N/A	• Completion of online forum to pose a question under each of the four themes derived from Workshop 1	• A list of questions for the Brains Trust

Forum	Purpose	Pre-reading	Activities	Output
Workshop 2 Wed 22 Nov 17:00-18:30	• To quiz the Brains Trust on each of the four themes	• List of questions for Brains Trust • Video on Critical Thinking Questions	• Speed Dialogue to quiz the Brains Trust	• Questions to the Brains Trust captured on Mural
Homework 2 W/c 29 Nov	• To provide initial thoughts on the proposed tariff options	• N/A	• Completion of online forum asking to what extent each tariff option is in the long-term interest of customers	• Initial thoughts on proposed tariff options
Workshop 3 Wed 6 Dec 17:00-20:00	• To provide a group view on the tariff options	• Initial thoughts on proposed tariff options	• Present options • Voting on options • Qualitative feedback on each option	• Voting results • Qualitative comments
Evaluation	• To evaluate and get feedback on the process	• N/A	• Participant evaluation survey • bdi assessment against Better Resets	• N/A
Stage 3 – To check back on tariff concepts using costed options and scenarios				
Workshop 1 Tues 26 March 17:30-19:00	• To explain how Jemena incorporated participant feedback in the Draft Plan and to get further feedback on the hybrid form of price control.	• The Draft Plan • The final outcomes report for Stage 1 and 2	• Presentations • Small group discussion • Thoughts captured on GroupMap	• Qualitative comments
Homework W/c 26 March 2024	• To provide thoughts on how the threshold and sharing ratio of the hybrid form of price control might be set.	• Chapter 7 of the Draft Plan	• Completion of an online forum to pose a question under derived from discussion in Workshop 1	• Thoughts on how to strike a fair balance for the threshold and sharing ratio for customers and Jemena.
Workshop 2 Tues 9 April 17:30-19:00	• To present bill impacts for various hybrid scenarios and ask for preferences.	• N/A	• Presentations • Small group discussion • Thoughts captured on GroupMap	• Voting results • Qualitative comments

2 Overarching outcomes

2.1 Form of Control

The issue of risk-sharing through the tariff Form of Control was discussed extensively throughout the Tariff Forum process. Currently JGN works under a weighted average price cap, which limits the maximum tariffs it can charge for its transportation service. This presents a financial risk to the business if customers leave the network or reduce their gas use, or if actual demand is lower than that forecast by the AER in its final decision for JGN. A revenue cap would guarantee JGN a certain revenue but would have a financial impact on customers if gas use declined, as fewer customers would have to pay a greater portion of the overall guaranteed revenue.

Support for risk sharing

During Stage 1, customers learned about these two Forms of Control through close discussion with JGN staff and external experts. One whole workshop during Stage 1 was dedicated to discussing the issues with a Brains Trust comprising Victoria Jordan (JGN Advisory Board member), Zubin Maher- Homij (Dynamic Analysis), Matt Pearce (KPMG) and Douglas McCloskey (Public Interest Advisory Council). Participants were asked directly:

Who should bear the risk of the uncertain environment? Jemena (through a price cap) or the customer (through a revenue cap)?

The group was split on this issue. After a small group discussion on this issue, half thought JGN should bear all risk, and half thought that risk should be shared. Participants' commentary and questions leading to this conclusion demonstrated their growing depth of understanding on a complex issue. The overall view of the group was that Jemena should bear most risk as they are better placed to carry it, but customers could bear some risk. (See *Section 3* for further details).

As a direct response to participants' views on risk sharing, JGN presented participants with hybrid form of price control options in **Stage 2.** These options combined elements of a price and revenue cap and were explored in-depth in discussion with JGN staff and external experts, Zubin Maher- Homij (Dynamic Analysis), Gavin Dufty (St Vincent de Paul), Matt Warren (Boardroom Energy) and Jordan Rigby (Red Energy). While there was a continued view that JGN should take most of the risk relating to declining gas consumption, these discussions enabled participants to understand the costs and benefits to customers of sharing some portion of volume risk and become more comfortable with the application of a hybrid form of price control. They opted for an option whereby JGN would bear risk up to a certain threshold after which there would be a 50:50 split of any over or underperformance. (See *Section 4* for further details).

In Stage 3, the participants delved deeper into the hybrid form of price control option. They considered various combinations of the sharing ratio (how to share over or under performance compared to forecast gas use); and threshold (the level of over or under-performance at which a sharing ratio would kick in). Sharing ratios of 50:50; 60:40 and 40:60 were presented; along with thresholds of 3 and 5 per cent over or under forecast demand. Indicative bill impacts for these combinations in different volume performance scenarios were also presented to help participants deepen their understanding of what 'taking more risk' might actually mean.

As a result, they showed 83 per cent support (> *Live with*) for a 3 per cent threshold and 100 per cent support for a 5 per cent threshold. It was noted, astutely, by the group that the threshold does more of the 'heavy lifting' protecting customers from any risk sharing so long as gas forecasts are reasonably accurate and it allows for greater fluctuations in energy usage without triggering the price control mechanism. When it came to the sharing ratio, all participants said they could *Live with*, *Like* or *Love* a 50:50 ratio, believing it to a balanced and fair split. Eighty-three per cent supported a 40:60 ratio and 75 per cent a 60:40 ratio. (see *Section 5.2.2*).

Understanding the detail

Throughout the Stage 3, participants demonstrated that they understood the key concepts behind gas tariff structure and forms of control, including the importance of gas use forecasting and the role of the sharing threshold. They also understood that the 60:40 and 40:60 ratios meant that customers would bear the impacts of underperformance as well as the upside of over-performance.

Their insights are outlined in the table below.

Detail	Comment
Forecasting Participants understood that the sharing of risk was relative to the accuracy of the demand forecast. Pinning the threshold to forecast usage means that being conservative (i.e. under-estimating demand) is likely to result in overperformance. Customers were also pleased to hear that the demand forecast for the 2020 Plan had been relatively accurate.	• Realised it doesn't matter how much we are going to use – it's more about the accurate forecasting. It comes down to the forecasting and accuracy on that for me. If it gets close to the forecast then the variation won't be so much either way. Conservative in Jemena's forecasting is best. • Good to look at historical performance of Jemena. Bullish or bearish. Depends on your risk tolerance • I really like how accurately they forecasted. Really surprised about that. Especially post covid – who even forecast that? I feel like I can trust the Jemena forecast and lends validity to the numbers.
Threshold There was also an early appreciation that the threshold did more of the 'heavy lifting', holding off the point at which customers might be expected to share the downside of an underperformance scenario. They particularly supported a high threshold as they felt gas consumption was likely to decline in the long run. They encouraged JGN to aim for accuracy in its forecasting to stay within that threshold	• *Threshold does the heavy lifting here.* • *Agree with the observation that the sharing ratios are doing the lifting not the thresholds. Thinking 50/50 and 5%. There's a good reason to be risk averse right now – for example supermarket prices. Want the price to be the same regardless of fluctuation.* • *I think Jemena should focus on the threshold and try get the forecast as accurate as possible. It doesn't really matter what the sharing ratio if the forecast is accurate because then the benefits for both parties would be nulled. In saying that, I do think Jemena should forecast more conservatively if they already anticipate a decline in gas usage over the next 5 years.* • *The likelihood of gas consumption increasing in such a way that a threshold and ratio arrangement will materially impact a residential consumer in a positive way appears to be very low.*
Sharing ratio They also supported an equal sharing ratio as they felt it was fair and simple	• *50:50 seems the best and most fair system.* • *I would just go with the 50:50 option. I like it because it's simple, it's clear and easy to understand. Especially as we've been reflecting it's quite a complex issue to begin with. It feels more stable, whether that's true or not, has some feeling of stability around it. Whatever way we go, it's not a massive cost / not a massive saving, at either end of that scale.* • *The combination must be fair and equitable, thus not favouring one side or the other. The likelihood of gas consumption increasing in such a way that a threshold and ratio arrangement will materially impact a residential consumer in a positive way appears to be very low.*
Bill impacts Customers became more relaxed in their preferences when they understood the bill impacts, whichever hybrid combination or usage scenario eventuates. However, there was a view that bill impacts might change as gas usage changes and that JGN should think about customer impacts over a longer timeframe.	• *Don't mind the 50:50 sharing can go either way. Fair vs 40:60. There's no much of a difference in terms of bill impacts* • *Not a huge saving for how much you use.* • *Looking at the figures we are not saving much, that is the main concern we are having* • *A customer may see either an actual saving or a lower increase as the result of a threshold and ratio arrangement in the first part of the cycle, but will likely see an increase in the latter part of the cycle. The aim should be for the consumers bottom line over the entire cycle to be neutral, ie the increased costs of the latter part being offset by the savings in the earlier part of the cycle.*

2.2 Tariff structure

Participants learned about the current tariff structure through pre-reading and in the first workshop of **Stage 1.** JGN explained that the declining block structure, and categorisation of customers as being either coastal or country, had been developed historically when the growth of the gas network was encouraged. Participants understood that the declining block tariffs had helped to encourage gas use as the more gas a customer used, the lower the unit price charged. At the end of Stage 1 participants were asked*: In the environment of net zero carbon targets, is it appropriate for Jemena to price gas so that it encourages people to use gas more?* About 80 per cent of the group felt this was inappropriate because of the need to consider net zero goals and environmental values; impacts on smaller gas users and affordability.

In Stage 2, JGN came back to participants with a proposal to reduce six blocks to four which would flatten the unit price reduction (though there would still be a slight decline). They also heard a 'challenge' view from Matt Warren of the Brains Trust who suggested tariffs can't drive environmental outcomes and address equity across the customer base at the same time. It was at this point that forum participants started to weigh more towards affordability, fairness and equity in terms of informing their thinking on tariff design. Nonetheless, all participants supported reducing blocks from six to four and recategorising customers according to gas use. They felt it would result in customers getting a fairer deal in the long term, would be simpler to understand and would result in flatter gas use eventually. They liked that it would result in residential customers paying less. It was noted that residential customers might not feel much benefit as they would more likely sit within the lower use blocks.

In Stage 3, JGN confirmed this tariff structure had been included in the Draft 2025 Plan. The team also presented bill modelling that showed the average network component of an average residential and commercial customer bill for both the current and the new tariff structures. This showed that commercial customers would be paying slightly more over the regulatory period, and residential customers slightly less. Customers were asked after having heard JGN's proposal and considering the bill impacts, if they saw any 'red flags'. Participants raised very little concern and were overwhelmingly positive about the proposal.

Participants felt the proposed tariff structure was better and fairer for customers. They noted residential and commercial customers have different needs and the separation would enable a targeted response. The change would contribute to lower gas prices while resulting in a reasonable price increase for major users and allows for more freedom to price things in ways that are equitable. Customers noted that the current tariff results in 'big wins' for large customers and 'big loses' for household customers and that the changes would improve outcomes for customers.

3 Stage 1 overview

3.1 Process

3.1.1 Workshop 1

The purpose of Workshop 1 was to learn about JGN, the process and basic concepts at the heart of gas tariffs.

3.1.1.1 Attendees

Workshop information	
Date	• Wednesday 5 July 2023 17:30-20:30
Participants	• 30 participants attended
Facilitators	• Lucy Cole-Edelstein • Anne-Marie Mitchell • Ken Fullerton
JGN team	• Frank Tudor – Managing Director • Andre Kersting – Gas Networks Regulation Manager • Emma Wilson – Pricing Lead • Merryn Spencer – Engagement Lead • Lay Na Lim – Senior Regulatory Advisor
Observers	• Gus Mandigora – Australian Energy Regulator • Fawad Asghar – AGL • Mark Riley – AGL

3.1.1.2 Format

Section	Activity
Pre-reading	In advance of the first workshop, participants were sent a background document that outlined the process and background information about JGN, the gas networks and gas tariffs.
Welcome and expectations	The workshop opened with a welcome and Acknowledgement of Country and a welcome address delivered by Frank Tudor, Managing Director of Jemena. **Activity 1**: Participants worked in small groups to introduce themselves to each other and share their expectations of the process.
The basics	JGN then provided an overview of the 'basics', including: • An overview of gas and Jemena's role in gas supply • Challenges for gas in the future, the uncertainty around gas, and Jemena's response • What the uncertainty means for pricing • Understanding of the AER's issues paper and associated consultation process **Activity 2**: Participants asked questions for clarification.
The remit	JGN provided an overview of the Forum remit and its context in the energy transition. **Activity 3**: Participants worked in small groups to respond to the following questions: • What do you understand? • What don't you understand? • What 'why' questions do you have?
Ways of Working	**Activity 4**: Participants worked in small groups to discuss. • What has worked well? • What is difficult about working as a group? • What sort of rules or tips will help the group work effectively, be fun and reflective of all voices? • Rank the top two rules from the group

Breakout groups were attended by observers and a bd infrastructure or Jemena facilitator to assist with guiding the discussion and noting the feedback of participants on the MURAL board.

3.1.2 Homework

Prior to the Brains Trust workshop, Customer Forum participants were emailed on Friday 14 July 2023. The purpose of the email was to:

- Remind them of the upcoming Brains Trust Workshop and provide some background information about it.
- Introduce the four Brains Trust members.
- Provide attachments including the Customer Forum 1 snapshot report and Jemena Ready Reckoner graphically developed by bd infrastructure and Jemena.
- Ask them to respond to the following two questions via email:
  - Consider the question in the customer challenge (the remit) …What does “in the best interest” mean to you?
  - ‘What is one question you have for the Brains Trust for next Tuesday?’

23 out of the 29 Customer Forum participants (79 per cent) provided email responses. Those who did so qualified for an additional gift voucher payment.

The aim of this exercise was two–fold: to help participants stay engaged and involved; and to provide feedback to the project team about how well they understood some of the key concepts. This exercise also helped us shape the format and run sheet for the Brains Trust workshop.

3.1.3 Brains Trust workshop

The purpose of this session was to give participants the opportunity to explore and challenge perspectives as they develop an understanding of how gas is planned, priced and delivered in NSW.

3.1.3.1 Attendees

Workshop information	
Date	Tuesday 18 July 2023 18:00-20:00
Participants	29 participants attended
Facilitators	• Lucy Cole-Edelstein • Anne-Marie Mitchell • Ken Fullerton
JGN team	• Ana Dijanosic, General Manager – Regulation • Andre Kersting – Gas Networks Regulation Manager • Merryn Spencer – Engagement Lead • Emma Wilson – Pricing Lead • Al Hanoof Al Maamari – Graduate Engineer • Calla Wang – Senior Engineer Distribution • Alex Liu – Asset Investment Analyst
Brains Trust	• Douglas McCloskey – Public Interest Advocacy Centre (PIAC) • Victoria Jordan – Customer and Advisory Board Member • Zubin Meher-Homji – Economist and Founder of Dynamic Analysis • Dr Matt Pearce – Energy Expert & Partner at KPMG
Observers	• Helen Bartley – Consumer Challenge Panel, AER • Gary Davies – Origin Energy

3.1.3.2 Format

The workshop opened with a welcome and overview of the process and the session. The Brains Trust members were briefly introduced, and the participants were reminded of the Remit.

Participants and the Brains Trust members then participated in a Speed Dialogue. This involved dividing participants into five groups of five or six, and then rotating Brains Trust members around the groups every 15 minutes. The JGN members stayed in each room to support and take notes on GroupMap.

After the Speed Dialogue, participants were put back into breakout groups to share:

- *Who should bear the risk of the uncertain environment? Jemena (through a price cap) or the customer (through a revenue cap)? This includes consideration of a hybrid approach in which risks are shared between Jemena and customers.*
- *Is it appropriate, given the environment of net zero targets, for Jemena's pricing model to encourage customers to use more gas? Should this be changed?*

The Brains Trust participants, bdi and other Jemena staff did not join the groups.

Participants were then brought back to the main group to report back. Each group felt they had enough information to answer the questions, although it was clear that some remained unclear on how pricing works and the impacts of different approaches.

The lack of clarity about the future of gas continued to challenge participants. To overcome this confusion, in Workshop 2 the team opted to gauge customer's *values* in terms of risk sharing and pricing for the provision of gas network services.

3.1.4 Workshop 2

3.1.4.1 Attendees

Workshop information	
Date	Wednesday 2 August 2023 17:30-20:30
Participants	27 participants attended
Facilitators	• Lucy Cole-Edelstein • Anne-Marie Mitchell • Ken Fullerton
JGN team	• Ana Dijanosic, General Manager – Regulation • Andre Kersting – Gas Networks Regulation Manager • Merryn Spencer – Engagement Lead • Emma Wilson – Pricing Lead • Brandan Wilson – Finance Manager, Commercial
Brains Trust	• Victoria Jordan – Customer and Advisory Board Member • Zubin Meher-Homji – Economist and Founder of Dynamic Analysis
Observers	• Mark Henley – AER Customer Challenge Panel • Kirk Zammit – AER • Just Dopierala – Powershop • Mirk Riley. – AGL • Jordan Rigby – Red Energy

3.1.4.2 Format

The workshop opened with a welcome and overview of the process and the session.

Participants were then split into four groups to discuss the question posed in the last session:

- **Question 1:** Who should bear the risk over the next five years? If there are fewer customers, should that be Jemena (by not making as much money as before) or customers (by paying more to make up for less customers overall)?
- **Question 2:** In the environment of net zero carbon targets, is it appropriate for Jemena to price gas so that it encourages people to use gas more?

The groups were facilitated by a mix of the JGN team and Brains Trust members.

Participants were asked to go back into their original groups (where they answered the questions) and consider the definition of what 'in the best interests of customers' meant, before finalising their answers to the two questions.

Finally, they were asked to go back to their groups to come up with a final group view on the two key questions in light of their definition.

3.2 Final Stage 1 outputs

Throughout Stage 1, participants grappled with understanding the energy sector, the gas network, pricing and tariffs, the future of gas, impacts to customers and notions of fairness and equity. At its culmination, Participants emerged with a definition of customer best interest, and directions on two key questions. This was as follows:

Deliberation Question	Response
Definition of customer best interest	*Household customers shouldn't be disadvantaged, and gas supply should be reliable and safe – and we should meet and exceed environmental obligations.*
Who should bear the risk over the next five years? If there are fewer customers, should that be Jemena (by not making as much money as before) or customers (by paying more to make up for less customers overall)?	*Most participants agreed that either Jemena should bear the risk or there should be a hybrid model where there was some risk sharing with customers. It was noted that Jemena was in a better position to manage the risk, but that to ensure the ongoing business viability of Jemena, that customers felt they should share some portion. Customers did not support a revenue cap, which would see them bearing all of the risk.*
In the environment of Net Zero carbon targets, is it appropriate for Jemena to price gas so that it encourages people to use gas more	*In terms of encouraging more gas use, there was a split across the groups, with three groups clearly agreeing that more gas usage should not be encouraged due to environmental reasons. The other two noting that the supply charge component should change in some way and that the current way works well now.*

4 Stage 2 overview

4.1 Process

4.1.1 Preparation

At the start of Stage 2, participants were emailed and called individually to ensure they had sufficient background information about the process and workshop dates. Because all sessions were taking place online, separate one on one sessions were set up to go through how to use Zoom, the engagement portal and collaboration tools such as Mural and GroupMap.

4.1.2 Workshop 1

The purpose of Workshop 1 was to recap on Stage1 of the Tariff Forum process, set Ways of Working for Stage 2 and learn about the proposed tariff options under consideration.

4.1.2.1 Attendees

Workshop information	
Date	Thursday 9 November 2023 17:00-18:30
Participants	15 participants attended
Facilitators	• Rachel Fox • Ken Fullerton
JGN team	• Andre Kersting – Gas Networks Regulation Manager • Emma Wilson – Pricing Lead • Merryn Spencer – Engagement Lead • Lay Na Lim – Senior Regulatory Advisor
Observers	• Gus Mandigora – Australian Energy Regulator • Fawad Asghar – AGL • Mark Riley – AGL

4.1.2.2 Format

The workshop opened with a welcome and overview of the process and the session. The group was then asked to reflect on their experience of Stage 1 to identify *roses* (things that worked well, *thorns* (things that didn't work well) and *buds* (things that were promising and should be developed).

Activity 1: Participants looked at the roses and buds to identify *ways of working* for the group. The JGN team then took participants through a recap of tariff concepts, drawing on their background reading. This covered the concepts of price and revenue caps and declining versus inclining block tariffs.

Activity 2: Participants were asked whether there was anything they were still unsure about. The team then presented on how Jemena were responding to the principles developed in Stage 1 to reshape tariffs around three concepts:

- Splitting large and use customer tariffs,
- Streamlining declining blocks and
- Combining price and revenue caps to share risk.

The team then outlined the Brains Trust members who would be joining them in workshop 2.

Activity 3: Participants were asked to consider questions to ask the Brains Trust to help them deliberate.

4.1.3 Homework 1

Following Worksop 1, the list of questions for clarification along with JGN's responses were provided to the participants. In addition, the questions for the Brains Trust were categorised into four topics, as follows:

1. Pricing
2. Risk sharing
3. Fairness and equity
4. Reaching net zero

Participants were asked to considerer these topics further as part of an asynchronous homework activity. Responses were captured on the JGN engagement portal, summarised and provided to the Brains trust in advance of Workshop 2.

4.1.4 Workshop 2

The purpose of Workshop 2 was to quiz the Brains Trust to assist in then providing direction to JGN on the tariff options.

4.1.4.1 Attendees

Workshop information	
Date	Wednesday 22 November 2023 17:00-18:30
Participants	15 participants attended
Facilitators	• Rachel Fox • Ken Fullerton
JGN team	• Andre Kersting – Gas Networks Regulation Manager • Emma Wilson – Pricing Lead • Merryn Spencer – Engagement Lead • Lay Na Lim – Senior Regulatory Advisor
Observers	• Helen Bartley, AER Customer Challenge Panel • Mark Henley, AER Customer Challenge Panel
Brains Trust	• Gavin Dufty – General Manager of Policy and Research at St Vincent de Paul Society • Zubin Meher-Homji – Founder and Director of Dynamic Analysis • Matthew Warren – Principal at Boardroom Energy • Jordan Rigby – Regulatory Manager at Red Energy

4.1.4.2 Format

The workshop opened with a welcome and overview of the process and the session. The Brains Trust members were briefly introduced, and the participants were given a summary of questions raised in the homework.

Next, each of the Brains Trust members provided a key word of advice. Participants were reminded that they had been set a challenging task and were not expected to understand everything about tariffs and gas pricing given the complexity to the subject matter. The advice was suggested as something to keep in mind as participants started to tackle the subject matter and to formulate feedback to JGN.

Then, participants and Brains Trust members participated in a Speed Dialogue. This involved dividing participants into four groups of four, and then rotating Brains Trust members around the groups every 15 minutes. The JGN members stayed in each room to support and take notes on Mural.

The Brains Trust members were given the following key focus areas for participants to ask questions about. All Brains Trust members were asked to offer views in risk sharing:

- Matthew Warren (Context of Net Zero)
- Gavin Dufty (Equity and fairness)
- Jordan Rigby (A retailer perspective)
- Zubin Meher-Homji (Gas pricing)

After the Speed Dialogue, participants were put back into breakout groups to share:

- One thing I've learned.
- One piece of advice that I would give participants right now, about how to ensure their options meet the definition of 'customer best interest' we developed in Stage 1.

4.1.5 Homework 2

The purpose of the Homework exercise was to encourage deeper consideration of the information learned to date and then consider the tariff options in advance of Workshop 3. Participants were asked to answer four qualitative questions posted on the online portal. These questions were not analysed in advance of Workshop 3, but deidentified responses were circulated to participants and provided to JGN for consideration. All 16 participants completed the homework task.

4.1.6 Workshop 3

The purpose of Workshop 3 was to vote and provide considered feedback on the tariff concept options developed by JGN.

4.1.6.1 Attendees

Workshop information	
Date	Wednesday 6 December 2023 17:00-20:00
Participants	All 16 participants attended
Facilitators	• Rachel Fox • Ken Fullerton
JGN team	• Andre Kersting – Gas Networks Regulation Manager • Emma Wilson – Pricing Lead • Merryn Spencer – Engagement Lead • Lay Na Lim – Senior Regulatory Advisor
Observers	• There were no observers

4.1.6.2 Format

The workshop opened with a welcome, session overview and a reminder of the Group's Ways of Working.

The JGN team then introduced five tariff options in two groups:

- **Group 1**: Splitting large and small use customer tariffs and streamlining the blocks (2 options)
- **Group 2**: Combination of price and revenue caps – hybrid options – to share risk (3 options)

After each presentation, participants asked questions for clarification and then were split up into four breakout rooms to discuss whether they thought the option was in the long-term interest of customers.

Participants were then asked to vote on the option. Voting was done using the online collaboration tool GroupMap, using a L-Scale. The format of each voting question was as follows:

How comfortable are you that Jemena's proposal is in the long term best interests of customers?

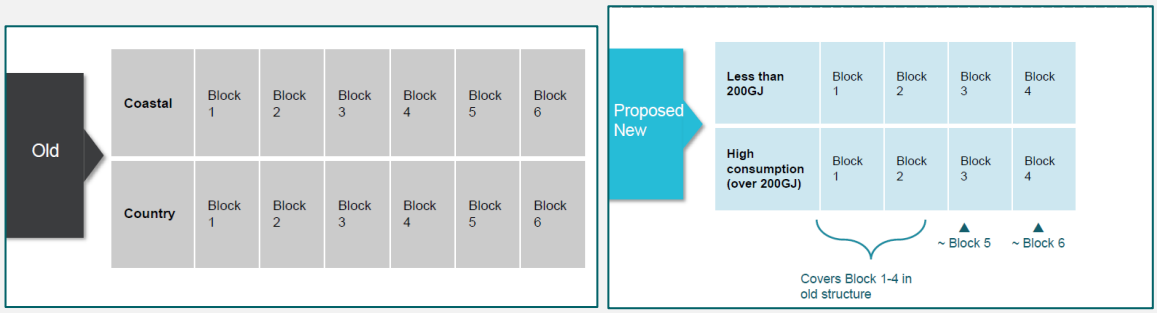
The aim was to achieve 80 per cent support for the option for it to be considered by JGN. This level of support would be demonstrated if 12 of the 16 participants voted 'Live with it' or above.

Participants were also asked to explain why they voted the way they did, and what would make them move up the scale if they voted Like and below.

4.1.6.3 Tariff concept options considered

Group 1: Splitting large and small use customer tariffs and streamlining tariff blocks.

Participants were asked to consider Jemena's proposal to split large and small users (over 200 gigajoules) and reduce the number of gas tariff blocks it has from six to four as shown below. Jemena currently has six tariff blocks which are split up between coastal and country areas.



4.1.6.4 Group 2: Combination of price and revenue caps to share volume risk.

Jemena presented three different volume risk sharing options to participants. A share house analogy was used to explain complex technical terms and provide relatively simple numerical examples to showcase the different proposal options for risk sharing. The three options are:

1. **A 50/50 risk sharing mechanism** whereby risks are shared equally between Jemena and its customers.
2. **A 'limited range' sharing mechanism** whereby Jemena and the customers receive a portion of the upside and downside risk but if performance is better or worse than forecasted, they will share the benefits or impacts of that.
3. **A bounded sharing and 50/50 split option** whereby Jemena benefits from a higher (lower) number of gas customers to an agreed limit and then for any additional (fewer) customers the benefits (loses) are shared equally between Jemena and its customers.

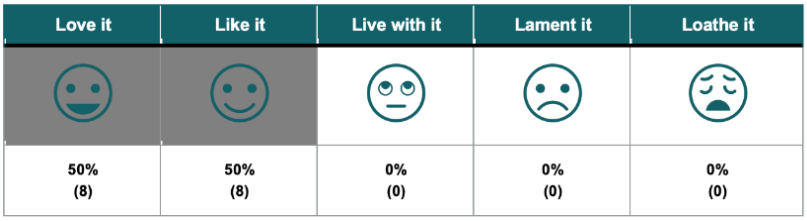
Option	House sharing analogy	Impact to customers	Impact to Jemena
Option 1: A 50/50 risk sharing mechanism	Anything below or above 10 housemates, the up- and down-side risk is shared equally.	Risk/reward is equally shared between JGN and customers.	Risk/reward is equally shared.
Option 2: A 'limited range' sharing mechanism	Landlord bears up- and down-side risk as long as demand is within a range (i.e. 9-11 housemates). Beyond this range, housemates bear all the risk.	JGN bears risk up to a point. Customers bear the risk beyond that point	Doing better or worse than expected is allowable within a 'limited range'.
Option 3: A bounded sharing + 50/50 split	Landlord bears up- and down-side risk as long as demand is within a range (i.e. 9-11 housemates). Beyond this range, risk is split 50/50.	JGN bears risk up to a point. Beyond that point, risk is split 50/50.	Doing better or worse than expected is allowable within a 'limited range'. Beyond this, risk/reward is equally shared.

4.2 Final Stage 2 outputs

In Stage 2, JGN put forward tariff concepts that responded to participants' direction on risk sharing and pricing. Participants applied their definition of 'customer best interest' to vote on these concepts and provide their reasoning. All tariff options received support from a majority of participants but there was strong feeling that JGN should bear more pricing risk than customers.

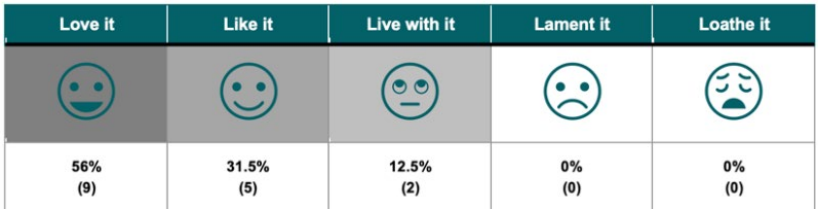
Splitting large and small use customer tariffs – All participants love or like this

Customers felt this was better and fairer for customers. They have different needs from larger customers and the separation would enable targeted pricing. The change would contribute to lower gas prices for residential customers while resulting in a reasonable price increase for major users. Customers noted that the current tariff results in 'big wins' for large customers a 'big loses' for household customers. This would level things out.



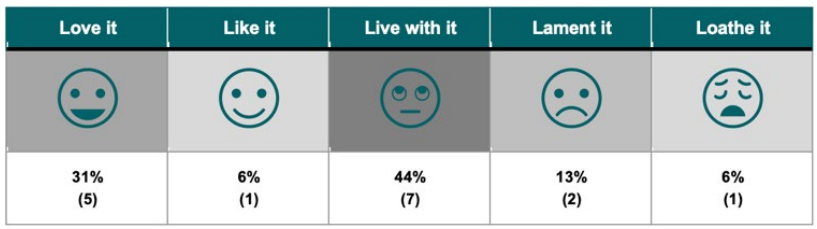
Streamlining declining blocks from six blocks to four – All participants, can live with, like or love this

Customers liked this approach and felt fewer blocks would be simpler to understand and would result in flatter gas use eventually. They liked that it would result in residential customers paying less.



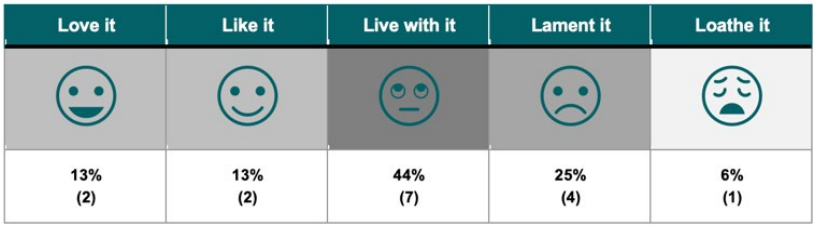
Combination cap option 1: A 50/50 risk sharing mechanism – 13 participants, can live with, like or love this

While most customers voted that they could love, like or live with this option, there was a range of views along the full L scale. Those customers that supported this option felt that the risk to customers was minimal noting it fosters a balanced commitment and accountability from both parties, as each has an equal stake in the outcome. Some felt that the sharing mechanism should change over time in line with changing gas consumption. 50:50 was fair in the long term but might not serve customers as well while gas consumption remained healthy. Others felt that the sharing mechanism was reasonable but still felt that the risk to customers should be lower than Jemena's. Those that did not support this option felt that JGN should bear the full risk of declining gas use and saw this option as a mitigating strategy by Jemena to remain profitable while gas consumption declined.



Combination cap option 2: A 'limited range' sharing mechanism – 11 participants, can live with, like or love this

While most customers voted that they could live with, like or love this option, 5 customers loathed or lamented it. Those that did not support the option were not satisfied with the amount of risk being placed on customers. It was noted that the customer is bearing all the risk outside the +or – collar, and that this is the most volatile for customers and probably the least socially acceptable. Customers noted that while this does offer a safety net with the range, it does then mean that all the risk outside those boundaries is being held by the customer. Other customers felt that Jemena should bear the whole risk.



Combination cap option 3: A bounded sharing + 50/50 split – 14 participants, can live with, like or love this

This was the most supported option of the three, with only two customers voting that they loathed or lamented it. It was noted that this seems to offer a flatter level of fluctuations and helps consumers with bill predictability while still allowing both parties to have potential benefits or potential decreases. It's a more balanced middle ground. Those that did not support the option noted that JGN should bear all or more risk. Others thought it seemed the fairest option as JGN would bear the risk in the first instance before it being shared with customers.

5 Stage 3 overview

5.1 Process

5.1.1 Preparation

In April 2024, the 16 participants from Stage 2 were recontacted to ask if they would like to participate in a third and final phase. The purpose of Stage 3 was to loop back on how customers' direction had influenced the Draft Plan and seek further feedback on the hybrid form of control in light of indicative bill impacts. Twelve people said they would be willing to take part and were sent details along with the Draft Plan to read as preparation.

5.1.2 Workshop 1

The main goal of Workshop 1 was to recap on Stage 2 and get further feedback on the hybrid option.

5.1.2.1 Attendees

Workshop information	
Date	Tuesday 26 March 2024 17:30-19:00
Participants	12 participants attended
Facilitators	• Rachel Fox • Lachlan Nicholson
JGN team	• Andre Kersting – Gas Networks Regulation Manager • Spencer Little – Pricing Lead • Merryn Spencer – Engagement Lead • Jennifer Hardman – Communications Lead • Lay Na Lim – Senior Regulatory Advisor
Observers	• Mark Henley, AER Customer Challenge Panel

5.1.2.2 Format

The one and a half hour online workshop began with a welcome, an overview of the process and session, and expectations for the participants. Following this, the group was asked to informally reconnect and reflect on their experiences in Stages 1 and 2.

The JGN team then recapped the principles from Stage 1 and presented its proposal to re-segmented customers according to their gas consumption (large and small use) rather than their location (coastal and regional); and reduce the number of tariff blocks from six to four. The average network component of an average residential and commercial customer bill was presented for both the current and the new tariff. This showed that commercial customers would be paying slightly more over the regulatory period, and residential customers slightly less.

In activity 1, participants were divided into three small groups and tasked with discussing and noting any red or green flags with this proposed tariff structure. Green flags were identified as aspects participants 'liked', while red flags were anything that made them feel 'uncomfortable' with the proposed structure.

After the discussion, the JGN team recapped on the three Hybrid Options from Stage 2, explaining the rationale behind the proposed form of control options and Jemena's risk under these hybrid options. They also explained that they had moved forward with the option that had the highest support during Stage 2. This was for a 'bounded sharing' option and 50:50 split (see *Section 4.1.6.3*). The team outlined how this hybrid option could impact customers depending on a) the threshold at which the sharing kicks in and b) how gas use performs relative to forecasts.

In activity 2, participants were divided into three small groups and asked to consider what information they would need to help them form a view on where the threshold should be set, what the sharing ratio should be and whether it aligned with their agreed principles.

Homework

Many of the questions from the first workshop related to participant's desire to understand gas forecasting better. They were therefore set a homework task to read Chapter 7 of the Draft Plan, which dealt with this issue. They were then asked to consider and respond to the following question: *The future of gas is uncertain, and forecasting can't predict exactly what will happen in the future. Given this, what should be considered when deciding what combination of threshold and sharing ratio strikes a fair balance for customers and Jemena?*

The purpose of the task was to get participants thinking about the threshold and sharing ratio in advance of providing their preferences in Workshop 2.

Workshop 2

The main goal of Workshop 2 was to look at bill impacts for various hybrid scenarios and ask for participants preferences.

5.1.2.3 Attendees

Workshop information	
Date	Tuesday 9 April 2024 17:30-19:00
Participants	12 participants attended
Facilitators	• Rachel Fox • Lachlan Nicholson
JGN team	• Andre Kersting – Gas Networks Regulation Manager • Spencer Little – Pricing Lead • Merryn Spencer – Engagement Lead • Jennifer Hardman – Communications Lead • Lay Na Lim – Senior Regulatory Advisor

5.1.2.4 Format

The one and a half-hour online workshop began with a welcome, and an outline of the workshop purpose and process. JGN provided an overview of how it forecasts gas consumption and answered questions from participants. The bill impacts of the preferred hybrid option were then presented for different gas use performance scenarios, and for combinations of a 3 and 5 per cent threshold and 50:50, 40:60 and 60:40 sharing ratio so participants could see how annual bills could be affected.

In activity 1 participants were divided into three small groups to consider and discuss the presented information and scenarios and provide further feedback on the threshold and sharing ratios. This was to assist them in understanding and formulating arguments for their preferences in Activity 2. JGN team members were not included in the groups to encourage participants to discuss the issue themselves and not defer to, or keep asking questions of, the JGN team.

In activity 2 participants were then instructed to individually vote their level of comfort with each threshold and sharing ratio option. They were asked to provide explanations if they voted lower than "Love" on what would make them move higher.

The options were as follows:

- What is your level of comfort with a 50:50 sharing of volume risk?
- What is your level of comfort with a 40 (customer): 60 (network) sharing of volume risk?
- What is your level of comfort with a 60 (customer): 40 (network) sharing of volume risk?
- What is your level of comfort with a 3% threshold?
- What is your level of comfort with a 5% threshold?

The format of each voting question was as follows:

5.2 Final Stage 3 outputs

5.2.1 Overview

In Stage 3, the participants delved deeper into a hybrid form of price control that combined elements of a price and revenue cap. They considered various combinations of the sharing ratio (how to share over or under performance compared to forecast gas use); and threshold (the level of over or under-performance at which a sharing ratio would kick in). Sharing ratios of 50:50; 60:40 and 40:60 were presented; along with thresholds of 3 and 5 per cent over or under forecast demands.

Indicative bill impacts for these combinations in different volume performance scenarios were also presented to help participants deepen their understanding of what 'taking more risk' might actually mean for both customers and JGN. Participants showed support for both a 3 per cent and 5 per cent threshold, though support for the 5 per cent threshold was higher. It was noted, astutely, by the group that the threshold does more of the 'heavy lifting' protecting customers from any risk sharing so long as gas forecasts are reasonably accurate.

When it came to the sharing ratio, there was clear support for a 50:50 ratio over 60:40 or 40:60. Participants felt this was balanced and fair. There was less support for 60:40 in favour of the customer as that would impact customers more in an under-performance scenario.

5.2.2 Voting preferences

How do you feel about the 3% threshold? – 10 participants (83%) can live with, like or love this

Love it	Like it	Live with it	Lament it	Loathe it
17% (2)	42% (5)	25% (3)	17% (2)	0% (0)

Participants understood that the threshold level related to risk appetite – the higher the threshold the more customers would be protected from the pain of any underperformance. They saw that the 3% threshold meant that customers would share more risk. There was a bit of confusion in the responses, with one participant understanding the threshold to be related to an individual's personal gas use. Participants noted the bill impacts were not significant.

- *I'm risk adverse, so I would prefer a higher threshold. I wouldn't take the risk of a potential lower bill. Would like my bill to remain the same.*
- *The threshold does the heavy lifting, since it takes precedence during the calculations. If actuals were within the threshold, the sharing ratio wouldn't even matter.*
- *It just means customer shares more risk*
- *Think Jemena should bear more risk or more benefit.*

How do you feel about the 5% threshold? – All participants (100%), can live with, like or love this

Love it	Like it	Live with it	Lament it	Loathe it
				
42% (5)	33% (4)	25% (3)	0% (0)	0% (0)

Customers showed a higher level of support for this threshold. They understood that it allowed a greater variance in actual use versus forecast use before customers were impacted. A call for JGN to bear more risk was still made.

- *I like this threshold and this could depend upon the usage.*
- *Given we have a single % for over & under performance. 5 % reasonable outcome for J and consumers*
- *Like it better than the 3%*
- *Still means customer shares more risk*

How do you feel about a 50:50 sharing ratio – all participants (100%), can live with, like or love this

Love it	Like it	Live with it	Lament it	Loathe it
				
50% (6)	42% (5)	8% (1)	0% (0)	0% (0)

This was seen as a fairer option. Participants noted that the threshold was important than the sharing ratio to get right from a customer perspective.

- *I think that it will be fairer for both parties at 50:50*
- *Don't really care too much about the sharing ratio. The threshold is more important.*

How do you feel about a 40:60 sharing ratio – 10 participants (83%), can live with, like or love this

Love it	Like it	Live with it	Lament it	Loathe it
				
25% (3)	25% (3)	33% (4)	17% (2)	0% (0)

Participants understood that Jemena typically overperformed compared to forecasts and thought this ratio disadvantaged customers as they would not get as much on this upside. However, other participants preferred it as it meant customers would bear less risk in an underperformance scenario.

- *Not sure if this is true but I heard that historically, Jemena has always been bearish with their projections. In that case, I wouldn't mind a higher ratio. But I still think threshold is more important to consider.*
- *Potentially we will experience based on history, over performance. Split disadvantages customers.*
- *For me it's the best option, I would definitely go for this option .. Being a customer I would like to bear less risk.*
- *I think that it will be fairer for 50:50*

How do you feel about a 60:40 sharing ratio – 9 participants (75%) can live with, like or love this

Love it	Like it	Live with it	Lament it	Loathe it
				
0% (0)	42% (5)	33% (4)	25% (3)	0% (0)

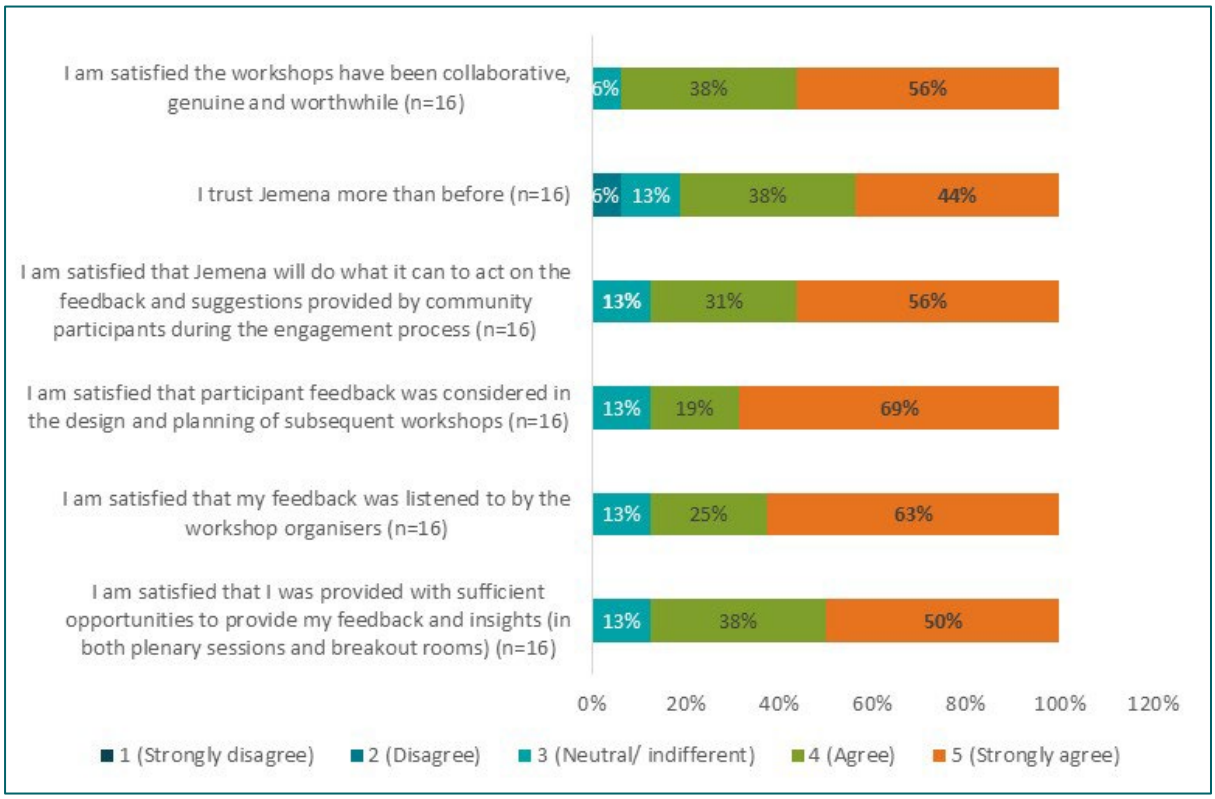
Customers felt that 50:50 was fairer and that a 60:40 split in favour of customers meant they would bear more risk in an underperformance scenario.	• *The customer should not bear more risk than the company. I prefer the 50/50 as its simple and seems a more stable position* • *Simply believe 50 50 best option* • *Too much risk for the customer* • *Also too much fluctuation*

6 Evaluation

6.1 Participant feedback

Participant feedback received after Stage 2 showed a high level of comfort that the process was genuine, worthwhile and that they had been listened to.

Figure 2: Feedback survey results



"Excellent organisation by Jemena. I realise it is not an easy task to facilitate these sessions and make the business open to critique and scrutiny. Thank you for valuing customer feedback and for including me in these sessions. I looked forward to each one and I hope Jemena received some customer input they can work with."

"A great process, both groups should be highly commended, esp. the facilitators, Andre (who professionally answered some tuff [(sic.)] questions) and Ken for amazing support."

The feedback survey is included as **Appendix F** and the full analysis of the participant's feedback is included as **Appendix E**.

Appendix A: Detailed Outputs and Verbatims

Stage 1

Workshop 1

Activity 1 – expectations for the process

Themes	Comments
Wanting to learn more	• *To learn new information* • *Learn as much as I can, payment at the end of it.* • *What is the agenda for these forums? What's happening when?* • *All from different backgrounds, understand and then deciding different views.* • *To help make a change for the better as well as learn more about the process*
Better understanding of gas	• *To have a better understanding of gas connection and distribution in NSW in general* • *Wants to learn more about gas. Passion about environment.* • *Understand more about gas. As a consumer what is best for an individual.* • *On supply gas customer combined bill*
Pricing, tariffs and affordability	• *What are the current challenges and our future plans. Will gas be more affordable in the future?* • *Here to learn information about gas and pricing and tariffs (in process of moving to electric – advice from builders/trades), incentives* • *What's driving prices every five years? Why's it increasing so much? What's driving prices? What's happening next?* • *Mindful of cost of living.* • *Understand how pricing works.* • *Gas and electricity user, will prices come back down ever?* • *Struggling now, concerned about future.* • *Not sure what to expect, concerned about pricing going through roof.* • *About pricing and different aspect of gas* • *Understand the driving factors behind the increase in gas prices.* • *Learn more about gas and consider options for the future*
The future of gas	• *What is the future of gas?* • *Where are things heading? Electricity is expensive, when should we do it?* • *Saw that the government wants to get rid of gas in homes. Wondering how that will work.* • *Not sure. Have to overhaul something.*
The role of the regulator	• *As a gas customer, interested in what the AER is doing – how are they reviewing prices?* • *How do we work with the regulator to determine prices?* • *Learn how government and private industry operate.*
Other	• *Too early to say*

Activity 2 – questions on the basics

Themes	Questions
The future of gas	• *Will gas still exist in the future – rumour is it will go to electricity.* • *Why is the war in Ukraine influencing gas prices here?*
Engagement process and purpose	• *Price only one element, – if we're only looking at price, isn't that a skewed segment, second part is if the price is too cheap, you don't invest in maintenance, evident in electricity segment.* • *These reviews happen every 5 years so why we're here – makes me feel a bit useless – and like it doesn't mean much if things haven't changed for 20 years. Will things change as a result of this process?*
Pricing elements	• *Who charges us for sourcing actual gas what companies charge for that?* • *Why doesn't gas have a discount for pensioners?* • *Who sets the prices of the tariffs – if cost of gas is increasing – is it block one increasing the most or distributed evenly?* • *Could customers register with Jemena how many gas products they use and that somehow changes supply and tariff charges? [amended for clarity]* • *Has anyone done any work what the net effect on society would be if the electricity and gas costs became input taxed? i.e., Jemena can't claim back GST and you wouldn't charge it – that would reduce costs to consumers?* • *Business point of view – for hot water heating – am I profit making consumer or a loss-making consumer?*
Jemena's role	• *Does Jemena have ownership in manufacturing side of things?* • *Where does gas come from?*

Activity 3 – the remit

Theme	Comments
What do you understand?	
Complexity of the consultation	• *Interesting. I like gas!* • *It's not a simple problem. Very complex* • *It's a complex subject. Plain English. Difficult to understand.*
Achieving net zero is non negotiable	• *We may have to reduce and change our gas usage as a society to meet the 2050 net zero goals.* • *Jemena seem focused on conservation and net zero focused*
Price of gas is going up	• *Gas prices have to go up just like everything else.* • *There is more to price than price.* • *Doesn't feel fair, extra pressure.* • *Only use gas for hot water even for people already on a subsidy still going up.* • *No matter the way I look at it, I feel like I'm at a disadvantage due to being a single person and increases overall.*
Gas supply chain and where Jemena sits	• *Jemena are just the pipes and still a commercial company with profits.* • *Different types of companies out there and many are putting their prices up.* • *Gas companies want to give their CEOs a bigger pay rise each year*
Jemena's existing tariff structure needs to change	• *How much will change bill using declining block vs [other structures]?* • *Has to be a new pricing structure*
Transition to renewable gas or electricity is an option	• *Possibility for other gas sources in the future* • *We are thinking of going solar when our hot water [fails]. Our hot water system is about 16 years once that goes, we will transition.*
What don't you understand?	
Forms of control	• *Revenue cap and price cap hard to understand.* • *Further information on price cap and revenue cap*

Theme	Comments
Tariff structures	• *What does it mean to be a certain block?* • *Seems like it's a fixed price tariff plus a block tariff combination already*
Customer base impacts	• *What will you do with the small users? Also, apartment dwelling.* • *Understanding why people would leave gas?* • *There's more to price than price. Export vs using domestic gas. What's Jemena's philosophy or position? What's Jemena's position? A whole of society approach or just the big producers.*
Government policy	• *Empty politicians and promises.* • *Why are governments moving us away from gas?*
Future of gas (renewables)	• *Wants to know more about future (i.e., renewable gas)* • *What if renewable gas sources catch up with is the best-case scenario?* • *Question mark over the gas role in the future*
Reducing gas consumption and leaving gas network (timing)	• *Cost of items to buy to switch over to electricity.* • *Should we move everything to electricity?* • *Why discounts aren't already in place as a reward to people who use less gas?* • *What's more efficient for customers? Electric hot water or gas hot water? Is there a website that gives this information?*
What 'why questions do you have?	
Impacts on household customer base	• *How do JGN strike a balance as residential customer that could easily switch over and someone else would have to take over the customer base to pay for the people leaving?* • *Forecasting on declining customer bases?* • *What would be the impact of a mass exodus of smaller residential consumers on bigger consumers and bigger businesses?* • *Impact of increasing costs for industrial customers that might come back to us as household customers through other ways.* • *How do you retain smaller customers that might go off network as they only have small usage and can easily switch to electricity?* • *I'm apprehensive about readings because electricity has skyrocketed. Is gas going to go up too?* • *What are we paying for? Reliability? Reasonability?* • *Understanding the pie from customers and businesses [perspective]* • *Is there something gas companies can do to keep customers on gas (like solar power schemes)?*
Ideas for reducing costs to households	• *How do we minimise the daily supply charge and make it fairer?* • *Is it possible to do community billing? E.g., solar or strata, using smart meters with customers as a co-op buying gas at a cheaper rate?* • *Encourage customers to invest in gas efficient appliances?*
Impacts on larger customers	• *How industrial customers are impacted with any changes including light to medium manufacturing industries that use gas?*
Impacts on Jemena	• *Could you make more profit by cutting costs?* • *Under the price caps if you are forecasting/make a loss do you make up that loss over the 5-year period?*
Future of gas	• *Electricity and gas – long term equation are we even going to have gas in the future? Govt wants us to keep electricity going.* • *Hydrogen doesn't seem like a viable option with the amount of power required.* • *Why should I keep using gas?* • *Why is gas phasing out?* • *Why are we not investing into this? Maybe an induction cooktop could cook fried rice.* • *Question about cost components for expansion. Are you intending to put new infrastructure in?* • *Making decisions for long term confidence in future of gas*

Theme	Comments
Government policy and economy	• *Inflation and economy* • *Why are governments moving us away from gas?* • *Can we lobby the government to make change?*
Engagement process	• *Why is this being tasked by everyday folks instead of experts, everyday people have valid opinions but may not be economic experts*
Tariff structures	• *Why can't we give customers more or less tariff options?*

Activity 4 – Ways of Working

Category	Comments
Inclusivity	• *Give everyone a go and actively invite those who aren't speaking up. Only a small group so this should be possible.* • *Listen to one another/give each other time to speak and show respect for one another's opinion even if it differs*
Staying on point	• *Have an understanding of the question and the role otherwise seek clarity.* • *Actively invite quiet people to speak and for those that are foghorn leghorn somebody can be timekeeper using stopwatch to keep somebody's ramblings to a reasonable time limit.* • *Stay on point and think when I say this is it contributing to the discussion.* • *Stay on topic and keep short and direct to ensure we are not wasting time*
Zoom functions	• *Don't talk over the top of one another, use mute function if needed.* • *Use emojis thumbs up and down, tick etc*
Break out groups	• *We should write down our outcomes as we agree them.* • *More time to discuss and timer to keep things on track.* • *Not enough time in break out rooms*
Showing respect	• *Try not to interrupt each other – one person talking at a time.* • *Respect other people's opinions – you can disagree, but you need to be respectful.* • *Be supportive, building on each other's opinions.* • *Be respectful and monitor the time – everyone has an opportunity to voice opinion.* • *Be respectful in the full gambit of the term.* • *Listen, no overtalking, be respectful.* • *If I tell someone they are taking a bit too long, people won't get offended*
Whole of group participation	• *Don't be afraid to ask questions.* • *Have a spokesperson and everyone else on mute and their role for everyone else to have a fair say*
Instructions	• *More direction to the group for MURAL tasks* • *We lacked leadership from Jemena for the focus in the previous groups. It may have been one of the reasons why they felt they needed more time. Things that can't be changed out of the gambit that really can't be changed.*

Brains Trust workshop

Speed dialogue questions

Categories	Comments and questions
Group 1	
Jemena's existing tariff's structure	• *Can you explain the 6 blocks Jemena offer?*
Who should bear the risk	• *Customer agrees to share some but not 50/50. Jemena should share more than the customers.* • *Customer thinks the risk should be shared between customers and Jemena.*

Categories	Comments and questions
	• *Customer likes the share in 70/30 between Jemena and customers.* • *What the revenue split of business and household consumers?* • *Will the government share some incentive cost of gas for consumers?*
Future Jemena tariff options and pricing	• *Customer wants to see the unit price of gas in the plan comparison website.* • *Raising tariff or declined tariff. Customer wants the third option -declined tariff for major users.* • *Customer requests to keep the price the same.* • *What the best price structure?* • *Affordability is a big question. Who will share the cost and how?* • *More gas you use, less you pay. Why not like the same way of electricity?* • *Will the trend increase the gas price?* • *If overall usage declines, will that increase the gas price?* • *The price is not only about gas. It is also the cost of converting gas appliances to electricity appliances.* • *The community house gas billing? As it is a common meter and shared by the strata bill, the retailer charges the higher rate.* • *What can gas utility companies offer to customer to bring the price down? Similar like the solar panel.* • *With electricity it has options, whether gas can offer options for the pricing? Customer likes more certainty of gas pricing.* • *Customer is asking the options of price setup.*
Customer uncertainty and information	• *Customer feels confused about what they are paying for.* • *News around stopping customer using gas. What happened there?* • *What's the unit of gas looking like?*
Gas supply chain	• *How to control the retailor not passing the benefit to customer if Jemena reduced the cost?*
Alternatives to gas use	• *How close the alternatives become available?* • *If we are all going to electricity eventually, is it possible to give customer a timeline for the plan?*
The future of gas	• *Is renewable gas a long-term goal?* • *Is renewable gas far away or currently happening?* • *To be sustainable, we have to move to green gas. Customer agreed on this.*
Group 2	
Future Jemena tariff options and pricing	• *Are our choices limited to the three, flat/ declining and inclining?* • *What is the best way of sharing tariffs?* • *Is Jemena considering peak and off-peak tariffs?* • *If you charge business more than households, they will always pass those costs onto customers?* • *If a new customer joins Jemena, can you have a plan after your first quarter and pay only a flat fee?* • *Can we have a split model, flat charge for residential (fixed/ variable) and declining blocks for industry?* • *If you are only paying for gas with water, why is it going up?* • *Has Jemena ever considered a loyalty program if you have a lot of appliances?*
The future of gas	• *Gas unknown stage in the next few years, if we are unclear of the future is the user going to have to pay?*
Questions for/ from the Facilitator	• *Do you look after residential households or businesses?* • *What tariffs must do and what should they do? Fair way to pay for historical pipes and how do we pay fairly for future works. What is fair when it comes to tariffs?*

Categories	Comments and questions
Group 3	
Future Jemena tariff options and pricing	• *Why not charge industrial customer more than residential? Matt answers that if charge higher than the total cost could have been brought higher. Network owners needs to get money back, needs to manage carefully.* • *Is Commercial business pays lower or higher compared to residential? Why not charge residential more to keep the running?* • *Will the tariff be fix once off or will it be adjusted later on when operating?* • *For people profitable via gas, does it require higher price to keep gas provider to operate?* • *What are the right incentives?* • *Make more competitive compared to other power. relative cost v. electricity. Like gas as instant hot water, cooks.*
Usage of gas	• *Jemena needs to encourage people to use more gas to keep operators running. Need to consider different number of people in each household.* • *You've said more people use it's cheaper, where does the more people come?* • *Is there any difference between residencias customers with less people or more people in a household?*
The future of gas	• *When will the coal plants being closed and what will happen after they close? Matt suggested will need to have renewable energy otherwise price strike.* • *Trying to understand how does renewable gas work.* • *If coal and other sources usage will be changed, WHEN will they start to change? The impact for the interim via close.*
Achieving Net Zero	• *To follow the net zero path, shall we think about tariff to encourage to use gas more effectively?* • *1. by product of gas is methane into atmosphere, is it a highly risky material. 2. price: efficiency and transparency of cost and revenue. Is there any inhouse auditing?* • *Regulators make promotion to promote gas. more gas to use, cheaper unit prices. Do we want to incentive gas, gas is still lower carbon?*
Jemena's future	• *Jemena only have gas; would Jemena move to electricity?*
Group 4	
Future Jemena tariff options and pricing	• *Question: will prices go up or down? If it's only in the consumers best interest, then the company is not going to be bothered? Answer: under gas law it has to provide enough. E.g. put in a revenue cap – the risk the consumer has, we've guaranteed that income to Jemena, if they don't make it in a certain year, for example if people drop off and they all have solar, there's only going to be half the people paying the network costs, but the running costs of the network stays the same. If the base decreases Q: would we only pay a little bit more? A: in a normal time, you would think that was the case, but some Councils have decided no gas, the ACT has no, it don't be a little bit it will be more and more.* • *Question: the possibility of choice – we have to remember the tariffs we are talking about are only a third of the bill. Our usage individually – the retailer has no choice. They have to pass it on. Answer: this is my question I've had for a while. Q: harder on big business? A: unfortunately, we don't regulate retailers like the networks.* • *Question: it was suggested we have a fixed plan – can we give different options for different users? e.g., peak time vs off peak for usage. Answer: Australian gas meters are not sophisticated enough to have time of use like electricity meters. When you're talking about the concept, it's about whether Jemena should be able to consult with the regulator and say over the next 5 years we want to get this money guaranteed to us rather than the free-market approach where if Jemena manages to extend their network, they get the income. The question is should Jemena take that risk and how we share that between Jemena and the consumer? A: The network fees will double if half the people leave the network. So, it's a balance.* • *Question: which gives customer more certainty – price cap or revenue cap – and in the context of how much we pay, given Jemena's breakdown of the bill? Answer: the least risky way forward for the customer is to continue with weighted average price cap, as it's Jemena that has to wear any loss. If we have a revenue cap, and customers drop off the network, the consumer will have to pay. Because Jemena won't make as much money as predicting. If they make more than expected, the people left will pay more.* • *Questions: what do you think is the best outcome / best alternative? Answer: it's complex. The current pricing structure is completely against legislation and public opinion what they want, its clear policy makers are trying to reduce usage. So having a structure to be more*

Categories	Comments and questions
	aligned. It's not simple. If Jemena makes gas too expensive large users will pull out and small users will be left bearing the brunt of the infrastructure costs. Jemena can change future use but not really a lot they can do with fewer people on the network the more they will have to pay. • *Question: sounds a bit grim? Answer: yes, you need to consider Jemena's blocks they have – the first one is very expensive, so the options are flat (small users are better off) or increasing block structure (industrial users will reduce their gas use).* • *Question: what's Jemena's strategy around micro-clients e.g. households around using minimal gas? ego if Jemena is still investing in households using just for cooking. Good question but we need to focus on pricing. The way things are priced are encouraging people to use more gas. There may be ways in the pricing mechanism that could change. E.g. if we change from decreasing to increasing block structure. Everyone else will pay more.*
International tariffs and pricing models	• *Question: do we know what pricing models are used internationally, has there been any modelling done about how Jemena can adapt some of these models? Answer: the Australian Energy Regulator has done some modelling.*
Who should bear the risk	• *Question: until we have a clear direction around the uncertainty, maybe the customer in my view has to take some of the risk? i.e., continue to be borne by Jemena but maybe the customer takes some of that – not fair to put it on to the customer. Answer: the pricing structure that's currently used puts all the risk on Jemena. In the other form – the risk partly is on the consumer.* • *Question: concerned about businesses being penalised for using more gas – why should I worry about that? That's why I'm in favour of increasing / declining. Only small households can use so much. Answer: do you think that increasing block tariffs is a reasonable? Qu: no increasing. A: you have to think about the whole picture.* • *Question: differences between weighted average price cap and revenue cap? Answer if there is a drop in income or half the network stopped using gas, the other half would have to pay for the other network costs. The consumer would have to pay. Do you as the consumer want to take that risk? is this fair?*
Past changes to Jemena's tariff options and pricing	• *Question: what changes have you seen, or have you been part of over the last five years? Answer: I don't feel like I can answer that question because my engagement was very specific.*
Jemena's market position	• *Question: If Jemena are a monopoly, is this an efficient position, or how can we answer this question, given they're not required to be financially transparent? Answer: These are the very reasons we need to go to the energy regulator about this. As Jemena are in the current structure if they don't meet the forecast, they lose money.*
The future of gas	• *Question: unless we swap to renewable gas – everyone's bailing at some point, right? Answer: well, that's the great hope. I love my gas.* • *Question: why do people need so much convincing about gas? Answer: I don't think it's convincing. The regulator asks Jemena to consult with customers, Jemena can't just do what they want.* • *Question: there's no certainty that gas will be going in the future? Answer: Yes, that's correct. We spent a bit of time looking at scenarios. There's a possibility that it may continue as level. Unless the state and federal government policy changes, we definitely will be.* • *Question: If that's the case, what's the incentive to keep gas? Answer: yes, there's no incentive but what if you can't change over your cooktop? Q: Well Jemena has to take some of the risk, they've been profiting off us. A: it doesn't have to be one or the other. How about Jemena takes the risk on this part, and customers take the risk on this. This is an opportunity for change that reflects current policy. The laws that look after networks was set in a time that. Q: Does this mean that Jemena was short sighted? More than last five years? A: Yes, but last time they went to the regulator, they didn't see it as a pressing matter.* •
Group 5	
Future Jemena tariff options and pricing	• *Will the considerations of the social and environmental aspect affect the cost?* • *Jemena situation is evolving due to changes in pricing, potentially caused by a monopoly. They are concerned about whether they are being charged fairly.* • *What are differences in residential pricing and the larger consumers (Commercial & Industrial)? Are all getting charge same way?* • *The concept of pricing: Tacos only for residential does not seems fair while I&C have different usage?*

Categories	Comments and questions
	• *Will be investigating how various pricing strategies impact consumers, especially from the side of retailers?* • *Supply charges vs Product cost* • *Will they have more options for gas usage?* • *How Tariffs works?* • *How more customers make the bill cheaper?* • *Is the environmental (Carbon emission) is what Jemena only care about?*
Customer uncertainty and information	• *How can Jemena help with simplify the gas billing to help people understand it?*
The future of gas	• *Forecasting the future of gas – will the company utilise the consumers database?* • *What the changes that would happen if we moved to more into electrifying? / How Jemena take that into the consideration?* • *What will happen when we have new cars (EVs), new houses (new applications)?*

Insights

Group	1. Who should bear the risk of the uncertain environment? Jemena (through a price cap) or the customer (through a revenue cap)?	2. Is it appropriate, given the environment of net zero targets, for Jemena's pricing model to encourage customers to use more gas? Should this be changed?
Group 1	• *Q1. Equal risk between the two* • *Q1. In the short term we are better off under* • *Jemena is in a position to influence policy; they should bear the risk.* • *If we are to wear some of the risks, this should be regulated.* • *More info on flat or inclining*	• *Q2 the system in which you operate should be flat or increasing.* • *Q2 People are already doing it tough; we shouldn't encourage more usage.*
Group 2	• *Jemena should offer fix rate who use more should prepare to pay more.* • *Risk such as reliability is definitely critical to customer.* • *Customer wants to know more about what the risk talking about here.* • *Customer wants to know more about what the risk talking about here.* • *Whether gas price setup can be like electricity in the way of use more and pay more.*	• *Encourage to use more gas sounds opposite to environmental protection.* • *Price cap is more certainty to customer than revenue cap.* • *Customer living in the apartment is only use gas for heating water. What rate are they paying?* • *Customer don't want to force to use more gas. Want to keep the current way of use gas.*
Group 3	• *Info from last 5 years being addressed.* • *Much uncertainty in terms of future energy. From business and consumer point of view, profit level the business will bear.* • *Renewable gas supply v. current gas supply. Jemena take some risks as if the tariff is changed the risk could be change the charge.*	• *Programs regarding Jemena net zero.* • *Require more transparency in terms of pricing models and tech, renewable, competitors and etc.,*
Group 4	• *No comments received*	• *Does Jemena have any services that they can go out to houses where they will have the conversation with customers around how you save money? E.g. lifting your game with social support? (in the states they do infra read photography)* • *Do we know how much influence a choice of inclining or declining would have on investments – for example if we go for something that is good for us now but not so good for the long term?*

Group	1. Who should bear the risk of the uncertain environment? Jemena (through a price cap) or the customer (through a revenue cap)?	2. Is it appropriate, given the environment of net zero targets, for Jemena's pricing model to encourage customers to use more gas? Should this be changed?
		• *Thought: we pay a lot for gas because we live in a cold area. Are we going to say on gas or move to electricity anyway – like the way it's going to go? What's in the best interest of everyone including us in a regional area.* • *Jemena keeps talking about their investment in green hydrogen – is it a Jemena expense or a taxpayer expense? (is it right to keep saying Jemena funds it – it doesn't impact anything but nice to know)* • *Question: considering Jemena is already producing renewable gas or is this comparable in cost to natural gas? I like the existing sliding scale considering for big business. I know with my gas bill its low, I'm happy to keep the sliding scale as it is now.* • *If you penalise your large users e.g., BHP making steel what does that do to our economy? and we need our economy.* • *Do people have in their own minds, do they only care about their wallet, or do you care about your grandkids? (e.g., renewable gas)* • *Looks like some of the environmental issues haven't been presented with full disclosure, like about comparing gas use could be around intergenerational equity.*
Group 5	• *"I feel like the risk should be shared"*	• *Most agreed encourage customers to use more gas.* • *Encourage both new and existing customers to use more gas.* • *People should be rewarded based on the usage*

Workshop 2

Answering the question

Who should bear the risk over the next five years? If there are fewer customers, should that be Jemena (by not making as much money as before) or customers (by paying more to make up for less customers overall)?
Approximately half the participants recommended that **Jemena should bear the risk** over the next five years with summary reasons including: • Jemena has the capacity for analysis and business forecasting so is in the best position to bear the risk. • Jemena is a profit-based company so should automatically bear the risk. • The risk is too high for customers. • There is an uncertainty of future customer base due to net zero targets so Jemena should bear the risk. • Cost of living pressures are too high for customers
Approximately half the participants recommended that **Jemena and customers should share the risk** over the next five years with summary reasons including: • Uncertainty due to net zero targets, so it's right to share the costs. • Concern about vulnerable customers but think it's right to share the costs. • Uncertainty of customer base due to net zero targets, so fair to share the costs. • Jemena has the capacity for analysis and business forecasting, so should bear most but not all the costs. • Should share the cost, despite growing cost of living pressures. • Should be reflected in costs of goods and services anyway

In the environment of net zero carbon targets, is it appropriate for Jemena to price gas so that it encourages people to use gas more?

Approximately 80% of participants believed it was inappropriate for gas to be priced to encourage people to use gas more with reasons including: [please note that reasons have been themed and categorised as listed below]

- We need to consider the net zero goals and environmental values.
- We must also consider businesses who shouldn't be disadvantaged.
- We need to consider making it more equal or fair for smaller gas users.
- We need to consider moving to a flat price structure.
- We need to consider affordability and environmental factors.
- We should be more affordable to encourage connections.
- Cost of living pressures
- We need to consider smaller household users.
- Keep customer drivers of using gas front of mind

Approximately 20% of participants believed it was appropriate for gas to be priced to encourage people to use gas more with reasons including: [please note that reasons have been themed and categorised as listed below]

- Business costs will have a major impact on the economy and customers if we change.
- We must consider larger household customers.
- We are still waiting on government policy.
- We need to consider affordability for all

Best interests of customers

The whole group came defined 'best interest of customers' as:

1. ***Household customers shouldn't be disadvantaged, and gas supply should be reliable and safe – and we should meet and exceed environmental obligations.***

Further comments from the breakout groups were as follows:

- Fair for all, *affordable but reliable and safe*
- *Financially beneficial – affordability – but reliability, safety, security, convenience*
- *Fair for all, stable supply as well as affordable*
- *Fair for all*
- *Service that's reliable, affordable and as fair as possible between all consumers.*
- *Having customers, I mind when it comes to strategy planning or pricing planning. Knowing what customers want and fulfil their wishes. Want an affordable energy plan.*
- *Because there's different customers, residential, small and big business. With the way gas is priced, I would like to see us reducing the disparity between the winners (big business) and losers (residential).*
- *Price makes a difference to use because we are pensioners. Over the last 12 months in Bathurst, it's been a problem with guarantee of supply. I know it cost Jemena a lot of money to go to everyone's house and put everybody back on. A mix of affordability and safety/reliability*
- *More a win-win situation from the company and the customers' perspective you want to be a consumer for a longer period. Some loyalty. A combination*
- *I think it should be cheaper, as we are all residential customers. Affordability is a big issue.*
- *Lowest price, safety reliability, environmental obligations, transparent prices while maintaining reasonable profit for Jemena.*
- *Rate and usage should be discussed with the customer and best rate for them and their appliances.*
- *Meet or exceed environmental obligations.*
- *Best interest of customers is still the best interest for Jemena.*
- *Lowest price while maintain reasonable profit for Jemena.*
- *Customers are everyday people, families with gas, and their best interests is to provide gas for a low and reasonable cost. Costs that cost-effective in the long run. Best interests of customers include best outcomes for the environment. Providing reliable and valued service. Value means different things to different people. Value could come if higher rates/costs were invested in renewable gas for example rather than knowing it was just higher profits. To be aware of the current economic environment and include that it in their pricing.*
- *In the best interests mean customers are not disadvantaged in terms of both price and how they use gas*
- *Business [bears] more of the costs*
- *Customers would get more benefit, not about pricing that encourages more use.*
- *Certainty around pricing*
- *Affordability, reliability*

Revisiting the decision

The summary of answers following this activity are listed below.

Question	Question 1	Question 2
Group 1	**Jemena should bear the risk** – not 100% should be some taxpayer and consumer risk – not 100% on whether it should be taxpayer or consumer if it was a hybrid	**Everyone agreed on not encouraging the use of more gas –** environmental perspective. Bit of disagreement in terms of which tariff structure would provide the lowest price for household customers. The household customers are currently penalised with the supply charge so recommend a way to not disadvantage household customers or smaller users.
Group 2	Mostly everyone agreed on **hybrid option for sharing risk**, and some Jemena only – for the safety of supply and regularity. The customers should share some of the risk as there are some things outside of Jemena's control such as net zero. It is in the interest of customers for the business to be working well.	**Do not encourage more gas use. Should change the supply charge component** as it exceeds the usage charge in the long run, and it's seasonal. Should move to a fixed or flat structure, to balance environmental obligations and affordability for household customers. Is there a possibility for a different pricing structure for bigger customers (business).
Group 3	**Jemena should take the risk** because they have more chance of carrying it compared to customers. They can encourage more usage and connections.	**Do not encourage more gas usage (for the most part). Need to focus on affordability and if the way it was currently being done** with the tiered system worked, then why change – in terms of affordability for the household customer.
Group 4	**Jemena should take a big portion of the risk,** hybrid would suit better because customers want less cost, but there is no power to do that, and don't want Jemena to lose their business and provide safe service.	**Don't encourage more gas use for the environment** otherwise we won't meet our net zero targets, maybe Jemena might have to buy carbon offsets to support targets, bear the financial risk if they want to encourage it. Want a tariff that provides a wide number of users a lower cost.
Group 5	**Split between hybrid sharing and Jemena bearing the risk.** Jemena is in a better position to take the main part of the risk, but it is not unfair for customers to bear some of the risk just not all.	**Don't encourage more use.** The current structure is unfair for household customers as they will never get into the higher blocks to realise savings.

Stage 2

Workshop 1

Activity 1 – Ways of Working

Be ready to be challenged

Everyone has their say

Listen, don't interrupt

Keep contributions relevant

Be respectful

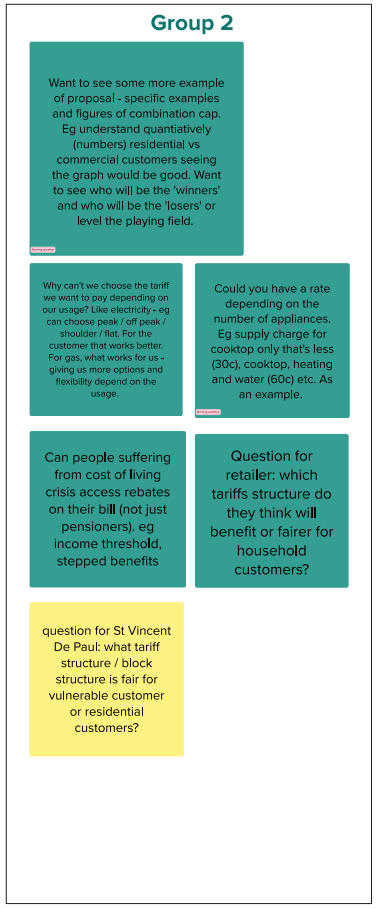
Activity 2 – Questions for clarification

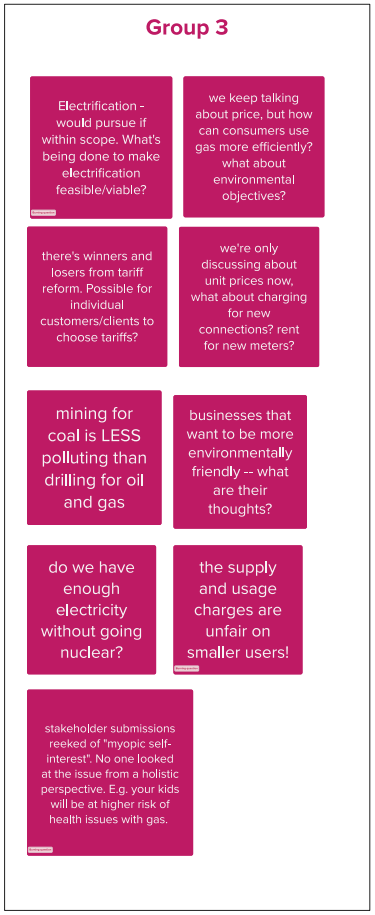
You said	JGN heard	JGN's response
Gas usage		
To what extent do different types of tariffs impact individual gas usage?	This question is about how much impact tariffs have on individual (residential) gas usage.	As you learned in the very first workshop in Stage One, on the 5 July, our current tariff structure means that some residential customers move through the blocks the more they use. For example, residential customers with a gas heater, hot water and gas cooking with a large family home may move through the blocks more quickly and end up in blocks 3 or 4 very quickly. Currently, they pay less under a declining block structure.
What choice do renters have re the use of gas (or other) appliances in the property they rent?	This comment highlights the limited options renters have around the choice of appliances in their home.	Other states with different energy policies for example, the ACT have introduced rebates for homeowners and low-income households to purchase electric appliances and install solar panels. Here in NSW Premier Chris Minns is on record saying he has no plans to introduce a gas connection ban like the ACT or Victoria, saying the state has "enough serious energy challenges". You can watch the interview on 2GB Sydney here.
Gas pricing		
To what extent would an individual household notice a change on their bill if they moved between tariff blocks?	A question about how much difference does a tariff block make to a residential customer's bill?	As you know, some residential customers move through the blocks the more they use. For example, residential customers with a gas heater, hot water and gas cooking with a large family home may move through the blocks more quickly and end up in blocks 3 or 4 very quickly. Currently, they pay less under a declining block structure. So, for very big or very small residential household users, we think any change would make a difference. We'll present the modelling on this in session 3 on the 6 December 2023 and look forward to your feedback then.
How does Australia's exporting of 80 per cent of its gas overseas impact local demand and pricing? How will exporting of gas help Australia achieve its Net Zero targets?	How does export of gas impact pricing and local demand here in Australia? How does exporting gas help to reach Australia's Net Zero targets?	Both wholesale gas and electricity prices increased in 2022 due to energy market volatility. Gas prices are influenced by local versus export demands and global export issues like the war in Ukraine. Gas has seen price increases in recent years, but so has electricity, and the future price of gas is uncertain. Gas plays a key role in the energy system and can act as 'insurance' when wind, solar, and, as we recently saw, coal is unavailable to provide electricity. Because these other sources of electricity generation were constrained, it placed upward pressure on the price of gas to meet demand. Gas and other energy sources are used differently from electricity, and this is reflected in their price structure, which is dependent on several factors, including policy, markets, and customer preferences. In terms of Net Zero, the United Nations Paris Agreement, struck in December 2015 with 195 countries, agreed to reduce the carbon dioxide released into the atmosphere. With Australia committing to the Paris Agreement, and then in September 2022, the Federal Government formalised the pledge for Australia to achieve net zero carbon emissions by 2050. This was backed up by the Safeguard Mechanism, which introduces a decline in the baseline emissions of high-emission facilities. State governments, including the NSW government, have set a net zero emissions target by 2050. Following the election of the NSW State Government in March 2023, we await policy direction development in this area, including details on the NSW Roadmap. Other states such as Victoria and the ACT, have introduced bans on new gas connections that make for an uncertain policy environment. This is an exciting challenge for the energy industry in Australia; however, for Jemena Gas Networks, it means striking the right balance between individual rights and community benefits, between affordability, reliability and sustainability.
To what extent will gas users be influenced by price or will they		This is a tricky question to answer, given the complexity of the gas supply chain and retail market. As you know, Jemena is only responsible for the 'network' part of the bill, representing 35% of the entire gas supply chain. We are currently consulting with

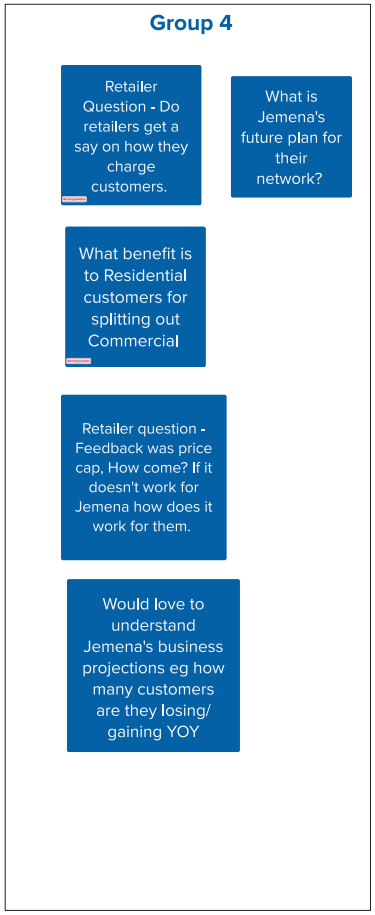
You said	JGN heard	JGN's response
just use the gas they require?		customers on a new pricing plan. Our plan sets out how we will operate and maintain our gas network, the services that we will provide to our customers, and the prices that we will charge for delivering these services. The engagement you are part of in these forums contributes to this plan, specifically on tariffs. The plan is detailed and will be submitted to the Australian Energy Regulator (AER) for review and approval. However, we do adjust bills annually to keep up with inflation. Retailers can provide payment assistance. It may be as simple as deferring your payment date or it could include a program for vulnerable customers and those experiencing financial hardship. You can find a phone number or website link to visit on the back of your retailer's bill under the heading *payment assistance*. You can also apply for bill relief via Service NSW.
Other organisations/ jurisdictions		
How do other utilities structure their tariffs?	What are the tariff structures for water, electricity and other gas networks in Australia?	Different utilities have different structures according to what they are and customers' use patterns. • For **gas**, a declining block tariff structure is used across all the other states in Australia. This is a historic decision made in a time of different policy and technology to encourage gas use and support network growth. Also, gas usage does not experience the same issues as electricity with peak loads (e.g., a peak load rate is often charged in the evening with more customers using household appliances after 6pm.) • For **drinking water**, residential customers are on a single volumetric or inclining block tariff. This was introduced to manage this scarce resource, which means customers are incentivised to use less water, particularly in drought. For example, some water utilities in Victoria introduced this structure in the last major drought. • **Electricity** residential customers are on single-rate tariffs, time-of-use tariffs and demand tariffs. This gives a fixed daily charge for network access and then a fee for electricity consumption. The demand tariff customers pay a daily fixed charge and a flat rate for electricity used, as well as peak times based on demand— when it costs more to produce—like 3pm-9pm. This also allows customers to reduce their total electricity bill by shifting use to off-peak times – sometimes aided by smart meters (note, all houses in Victoria have electricity smart meters)
What do other states do?	What do other states in Australia do?	We're the only network that has a six-block structure (out of the six regulated distributed gas networks including Victoria, South Australia and New South Wales – the East Coast Gas Market). All other states separate residential and commercial customers into a separate tariff; we're the only one that combines it. Currently, our tariffs are split into Country and Coastal regions.
Broader context		
Will there be fewer gas customers in the future?	In the future will there be less gas customers on the network?	That is what we're exploring with you, as any potential changes to the tariff structure will have implications for the customers on the gas network. We are forecasting new connections and gas demand to flatten then start to decline gradually over the next 5-year pricing period.
Important to also consider other issues … such as health.	This question is about the health risks of gas.	We understand there are a lot of broader topics as part of the energy transition and the future of the gas network. This question referred to some recent publications like the Climate Council of Australia, which linked cooking with gas to childhood asthma. This forum is focused on tariffs; there is another customer forum dealing with broader issues related to the energy transition. We ask customers to consider tariff options when weighing up decision-making.

Activity 3 – Questions for the Brains Trust

What questions will you ask to help you deliberate?







Homework 1

Theme	Question
Pricing	
Will gas prices continue to rise or fall?	• *How will gas prices stay low when people are being encouraged to move to electric.* • *Will gas prices go up due to scarcity? Why isn't gas priced the same as electricity?* • *Can we have a price cap in percentage for the gas pricing in the next 5 years if the inflation is staying longer as forecasted? In this way, Jemena and customers are likely to share the risks.* • *How affordable will be gas pricing in future with the inflation rate going higher? How is the price calculated paid by a single person or a family?* • *I would like to understand the driving factors behind the increase in gas prices and also will gas be more affordable in the future?*
How do gas tariffs affect gas use and residential bills?	• *How elastic is gas pricing? Will it really make a difference to residential consumers if we have a price cap, revenue cap or a hybrid? As a consumer I'm not inclined to use more gas under a declining block tariff as at the end of the day I'll just use what I need.* • *If a household use more gas, will gas price go up, go down or be flat the best solution for the residential customer in the current financial environment, assuming that the inflation will stay high for longer?* • *If gas prices are increased for businesses would that cost, then just be passed on to consumers anyways when they use that business?* • *I second these questions – I am interested to know how much of a difference the different structures would actually make to (a) each consumer's bill and (b) how much gas is used.*
What are the implications of separating commercial and residential tariffs?	• *Separating commercial and residential using the combination cap is definitely a step in the right direction. However, I would like to understand quantitatively how the combination cap is going to work. For example:1) Some graphs comparing the commercial vs. residential with the combination cap implemented 2) Some numerical examples comparing current pricing vs. pricing after implementing the combination cap.* • *Why are large business going to be separated from domestic users. Who will benefit most from this?* • *Do households pay more for gas usage? Does commercial pay less? I would think it would be the other way around.*
How much influence does Jemena have on bills compared to the retailer?	• *You said last time consumers cannot choose what tariffs they pay compared to how you choose what plan to suit your best for electricity? What's That?* • *And also interested to hear from Jordan Rigby about how retailers come up with different pricing and how much Jemena's pricing structure influences what they pass on to the consumers.* • *How much influence does Jemena have on a customer's bill compared to the retailer and will customers be asked their opinions as to how they would respond to rising tariffs?* • *How much does the gas pricing option Jemena selects impact what the customer pays as it's just one component of the price?*
What's happening elsewhere?	• *What are other gas producers doing both domestically and globally?* • *I agree that it is good to know this for comparison.*
Oher	• *1. What are the drivers for JGN's gas pricing e.g. proportionally how much is staff cost, parts for maintenance, parts for upgrading the network?* • *2. Does JGN 'purchase' gas from others, mark-up and sell gas to retailers.*
Fairness and equity	
What are the fairness implications of pricing for commercial vs residential customers? **Can what's fair for one, be fair for the other?**	• *It seems to be accepted that large business and industry pay less per a unit and the argument that if they paid more than 'everything' would cost more comes up a lot. This would seem to be the opposite of 'fair'.* • *My feelings are that the current decreasing tariff works well for residential customers who use comparatively little compared to big business who use huge quantities of gas. However, this does not relate to fairness. How do the brains trust feel big business customers will respond to a more equitable process of sharing both the tariffs more equitably and yet ensuring that Jemena still maintain their customer base. Also, how will domestic customers respond to a price cap increase.* • *A fair and equitable tariff should aim to level the playing field for all its customers. The current decreasing block tariff does not do that since there is a huge disparity between the winners (commercial) and losers (residential). These two groups of customers and completely different, in terms of financial resources and gas consumption, and therefore shouldn't be lumped together in*

Theme	Question
	one class. Jemena's proposal of a combination cap separates commercial and residential customers which I believe is the most beneficial to residential and smaller commercial customers. With the combination cap, there are no longer big losers and big winners (under the current decreasing block tariff) but now just winners and losers, thus levelling the playing field significantly. I believe that Jemena is definitely taking fairness and equity into account around gas network tariffs. • *We all agree fairness should be a key driver but have our own view on what is fair.* ***What do the brains trust think? How do they think that the risks should be shared?*** *What would the impact be if Jemena priced residential and small businesses at a discounted rate compared to industrial customers?* • *1. Think people should be able to choose what tariff they want. Incline, decline, stable. A price cap would be good. If less consumers are using less gas, start charging the commercial companies more. We can absorb it in the higher food prices. I can't imagine it would be much more.*
How can we support customers who are struggling with affordability?	• *I think there is no fairness. at the end of the day, it's a business and consumers need a product. However, how is gas equalized for different demographics/groups? Rebates? incentives?* • *I would like to know more about Income sensitivity, Transparent pricing, cost reflective pricing and if any energy efficiency programs?* • *As a price cap will be easier to have fairness and equity around gas network tariffs, I think that a system should be in place to ensure the customers is not worse off every year. Otherwise, the system will be broken and not sustainable.*
How can tariffs help make sure no one is left behind in the transition away from gas?	• *Is it fair to encourage consumers to use both electricity and gas going forwards, with fixed costs involved for both, particularly for people on low incomes and struggling financially? Would it be more equitable to discourage gas and just have one bill?* • *Most users of gas, and also users of electricity. Some choose to use, preferring to use gas for cooking for example, but would be able to move to electricity of gas prices were to increase. Others use gas as it is installed in their house and may not be able to afford to change from gas to electricity should gas tariffs increase.* – *How much direct involvement is JGN able to have in ensuring that struggling consumers who wish to move away from gas are able to do so, and those who can afford to choose to move do not receive a windfall from doing so. It strikes me as being particularly unfair if consumers looking to make a move away from gas usage are 'stuck' using gas through being in a financial position that means they cannot move away. The same applies to those who may be renting or in a strata type arrangement.* – *On a similar note, business users may be in a similar position, with some able to afford to move away, others unable financially or through rental/lease agreements,*
Other considerations	• *We need to design gas network tariffs to make it reasonably fair for all customers. It may not make everyone 100% happy however, to make people 80% happy may be enough.* • *I am interested in what is considered "fair" with regards to profit made by Jemena. I guess we all agree Jemena needs to cover costs, and then make a profit to encourage them to stay in business. But as consumers we don't want to be paying extra if it means a business is making a big profit. If there was a way to price gas that Jemena just covers costs, then that sounds "fair" to us (of course then there is the risk factor involved with an unpredictable level of gas usage).* • *How does the gas price cap affect Australia?*
Sharing risk	
Support / questions about a combination cap	• *1. I like the idea around price caps. Regardless of how it's charged, knowing there is a limit takes risk away from consumers receiving huge shock bills. 2. Any changes to pricing and risks need to be properly addressed with consumers.* • *Having the risks shared but with a cap seems to make sense. If they reach this limit will prices suddenly change for consumers or would it be quite a small difference once shared amongst all users?* • *2. Can JGN encourage retailers to facilitate consumers to offset carbon emissions from the use of gas? Can JGN and retailers work together to offset consumer consumption of gas, and can the cost of such an activity be costed/* • *It was mentioned in the last session that a proposed solution (the combination cap) will involve Jemena absorbing losses in revenue to a point when customers leave the network. I would like to know:* – *1) How this 'point' is calculated* – *2) Is this 'point' static or dynamic? If dynamic, what are the variables that will affect this?*

Theme	Question
	– *3) With the combination cap, who will be the winners and losers i.e., even though risk is being shared, I would like to know who bears the bigger risk.*
What's Jemena's understanding of its risk?	• *It would be helpful to know all that Jemena know about the risks and uncertainties over the next 5 years. Do they have information that helps them be informed and predict what will happen? Can they share that information with us?* • *Agree, I would like to see Jemena's projections and plannings before making an informed decision on balancing the risk. Also, would like to understand what are the implications if Jemena took on 100% of the risk VS customer taking 100% risk?* • *If we want Jemena to take 100% risk, what will happen if Jemena cannot bear the risk anymore? Does it mean that we as customers cannot use gas.* • *I would like to know how the scenario planning; demand forecasting and flexible supply contracts would help in managing these risks?*
Do commercial interests need protection?	• *I still think that commercial customers need some price guarantee for their usage. Gas for them is essential whereas domestic customers are being encouraged to convert to electricity. I think that we need to protect the interests of the commercial customers in the first place.* • *How important is the residential and small business segment of the total Jemena market. The risks we ask them to take should reflect how much influence it would realistically have on the long-term results. The consumer and small businesses are probably more flexible in moving away from gas, a replacement of a few appliances' vs retooling a factory so certainty for the medium term may help Jemena retain its current market share.*
What is the retailer perspective on risk sharing?	• *In the pre-reading, it was reported that the majority (or all) of gas retailers believed that Jemena should bear the risk and not the end user. The retailers would be in a better position to know than us plus there is no reason for their opinion to be biased as if Jemena is not viable then they won't be for long either.*
How should we provide advice to Jemena on risk sharing. What should we consider / how should we think about this?	• *How do we make a decision with manageably calculated risk in this situation? Should we make some ranges for the options available? For example, a maximum fee can be applied if the demand is lower than a threshold and less than the maximum fee can be applied if the demand meets expectation. In this way, the calculation can be more complex. However, I think that it will deal with the uncertainty (no one knows this exactly) better.* • *What is the best option to balance the risk between customers and Jemena, i.e., should it be 50/50 spilt or should Jemena take a higher risk than the customers?*
Net zero	
Can gas / gas networks be net zero and how?	• *1. Can gas be net zero? I'm not sure about suggests making to reduce emissions. 2. What can consumers do to make better choices to reduce emissions? Can we purchase newer products that's assist with that? Etc* • *How does a gas company even meet net zero targets? Do you plant more trees? Are you reinvesting in renewable energy and technology?* • *What strategies are in place to bring gas to net zero, what costs are associated with each option and how will this be reflected in a customer tariff? Is it feasible to transfer residential gas customers to renewable fuel by 2030 or 2050 given that they will require new appliances and infrastructure?* • *I wonder if we can meet Net Zero targets, will gas network tariffs go up or down?* • *Few things like renewable gas integration, incentives for energy efficiency, regulatory frameworks, and lastly consumer awareness and education?* • *I would need to know how gas emissions affect Net Zero targets and how much the gas network needs to change in order to reach net zero. Society is focussed on net zero but do not seem to be considering that carbon dioxide is essential for all forms of life including humanity. It is not only trees and plants that need carbon dioxide. If we reach net zero, Australia's consumption is only a small iota of the world usage and what influence will the net zero targets as imposed by Australia have on the remainder of the world.*
What is Jemena doing to be Net Zero?	• *1. What steps are JGN taking to move its admin and operations toward net zero? How does that impact on tariffs? Is there a tariff implication for JGN to offset emissions for power use at offices, fuel use in vehicles?*
How to price to reduce gas use / carbon emissions?	• *Even if tariff structures don't really make much in a dent in achieving Net Zero targets, is there some sort of ethical obligation to price things in such a way that promotes decreased gas usage if that is more environmentally friendly?*

Theme	Question
	• *I think this is a good question and could be addressed in terms of whether reducing gas usage to zero is necessary, or whether using alternative gas formulation is OK, or alternatively whether offsets are a practical way to assist in achieving net zero.* • *2. Can JGN encourage retailers to facilitate consumers to offset carbon emissions from the use of gas? Can JGN and retailers work together to offset consumer consumption of gas, and can the cost of such an activity be costed/*
What are the impacts of gas tariffs on meeting net zero? Does it make any difference?	• *What would to help to understand how gas network tariffs relate to Net Zero targets? I agree with that, in particular, what impact will gas network tariffs have on Net Zero targets for the next 5 years?* • *I would like to know whether we are on target to meet Net Zero targets in 2030 and 2050 if we keep using the same gas network tariffs. If not, should we change the gas network tariffs so that we can be on target?* • *Do tariffs need to consider the costs of research and development and potential changes into more renewable uses of the gas network?* • *The current decreasing block tariff goes against the net zero targets since commercial customers are incentivised to use/waste more gas since it doesn't cost them much to do so. I would like to understand1) Jemena's proposal of separating out medium volume customers (which I assume are the larger commercial, not industrial customers) to create two different sets of tariff models. How different will these two models be from each other? For example, if a commercial customer were to be wasting gas, how costly will it be for them compared to the current tariff model.2) What sources of renewable energy resources is Jemena committed to in the short term and long term.* • *while it has been explained that increasing block tariffs would likely reduce gas usage, I'm unclear on how Net Zero could be achieved*

Workshop 2

Questions raised during the Speed Dialogue

Topic	Question
Questions put to Gavin Dufty	
Risk sharing	• *Who pays for the costs to support the energy transition? Who wears the risk?*
Fairness and equity	• *How do we define fair and vulnerable?* • *What does equitable costing mean?* • *Fixed costs are more related to socialising costs across the base, variable is more targeted to individual households.* • *maybe everyone goes on flat, then households opt out to go on inclining or declining tariffs? there's also seasonal tariffs -- increase price during peak usage (Gavin Dufty)* • *why, as a consumer, can't we choose inclining or declining or flat tariffs? seems easier to do in electricity?* • *do people have control over how much gas they use? e.g. use a blanket instead of heating?* • *we only have hot water, but our supply charge is higher than our usage charge.* *Gavin – this goes to social vs. individual cost. fixed charge is higher because your cost is socialised.* *your bill wouldn't change that much if you switched to a pure consumption charge.* • *Why no focus on gas efficiency, given enviro and health issues?* • *If everyone changes over from gas to electricity, how will this impact electricity prices?* • *How do others who can't afford to change appliances and connections afford to do so? Same with renters.* • *Do people have a choice to change appliances?* • *How do customers balance the cost to change appliances* • *What are the implications to the energy system for getting off gas?* • *Different appliances have different value. (e.g. nice to have a warm shower when it's cold)* • *Consider what choice you have when using your gas appliances and how does fairness fit into this.* • *How do we allocate the costs?* • *With gas pricing we consider the difference between fixed and variable* • *What is people's ability to move from gas to electric. How quick can they move?* • *What is the current life of existing gas appliances and the cost of re-wiring?*

Topic	Question
	• *How do tariffs support people's agency?* • *What complementary measures can work with changing tariffs (e.g. concessions)* • *How do pay for things that will never get used if you need to shut down the gas network. Should it be put in the fixed charge.* • *In your opinion – how much can we affect what is the fixed and variable costs? Because Jemena's only part of the bill and we've just heard from a retailer that they can ignore them and create their own pricing structure anyway.* • *If Jemena has to claw back its costs, is it better to put into fixed or variable charges?* • *Can you explain the accelerated depreciation?*
Questions put to Mathew Warren	
Tariffs in the context of Net Zero	• *Does the private sector run assets better than public.* • *Are there any big movers in the IT space that will radicalise the industry.* • *Is Natural gas safe?* • *Technological break throughs and getting the costs down will make a big difference to getting to net zero.* • *Jemena's choice is to find renewable gas or start shutting down the network overtime.* • *Actually delivering on reaching net zero is really difficult. E.g. we need to get 82% renewable by 2030 to meet existing targets.* • *What will accelerate getting to net zero?* • *Tariffs should be based more on equity considerations.* • *Both gas and electricity have their challenges.* • *Can Jemena find enough biomethane and green hydrogen and will customers wait, or will they convert to electric?* • *Have about a decade to make renewable gases to work.* • *Could you elaborate as to what you mean by replacing the gas we are using? What's the bottleneck to do that? e.g. is it customers, supply, collecting the organic matter to do that?* • *Does that mean that anything we decide is not going to move us closer to net zero in this planning Stage for Jemena?* • *What's your thoughts on the individual state governments putting their own rules on no gas appliances in new builds?* • *So you're saying we should make more landfill to generate more renewable gas?* • *Circling back to your opening point – when you said changing the tariff structure isn't going to help us get to net zero?* • *Matthew -- more people per household is more sustainable. there used to be 4 ppl per house, now it's 2.8. That's not v sustainable.* • *Matt- change from gas to electricity -- not much impact on carbon emissions. coal is still polluting.* • *cheap and abundant storage -- needed to make renewables work.* • *is the environment cost of gas and electricity the same?* *reverse cycle is more efficient, probably better than gas from sustainability perspective. but hot water tanks -- not? solar or heat pumps -- yes, more efficient.* • *Matthew – tariffs can't address both equity and the environment. rich and poor households consume the same amount of gas.* • *Matt – question is, can you make enough biomethane?* • *why would you turn electricity into hydrogen?*
Questions put to Zubin Meher-Homji	
Risk sharing	• *I'm not sure how a customer in a position to share the risk. I'm not sure what the impact of sharing the risk would be. If gas prices changed dramatically, I would bail. A water heater and a new stove is not that expensive. People who are renting don't have that same option to be flexible with their supply. I'm not sure where we go.* • *It's okay to not care about how we charge for gas or allocate risks.*
Gas pricing	• *personally – declining block doesn't make much difference to my gas use because we have 1-3 products, we use more in winter than summer. What's the benefit to the consumer? (ask Jemena – when they say change, what does it mean by change? what does it mean for me?)* • *I can afford to drop in a new stove and everything but for others they won't be. Others may be far more impacted in the future – and in future plan sections.* • *A bit more information please from Jemena about why these changes.*

Topic	Question
	• *I want to understand – why are we having this discussion again, every 5 years? Why is Jemena changing it? (what's not working about what we have today if it's not working don't change it)* • *We don't use that much – stove and gas heater. So it is one of those things that has a real impact on potentially a lot of people – not us personally. Not going make me change my behaviour. What's the impact to other customers if there's a move away from gas?* • *Isn't that any business? if you meet your sales target, you make more, if not you make less?* • *are commercial customers paying the same prices as households?* • *separating resi and big commercial -- if commercial customers are charged more, will it benefit individuals/residentials?* • *if business puts their prices up, let them do it! we don't have to buy tacos, but I can't stop heating my house. Should who's imposing the cost pay for it?* • *how do declining blocks work? for bigger families, how would it affect them?* • *wouldn't separating resi and commercial customers end up shifting cost to customers even more? residential customers need to benefit from a declining rate too?* • *people with no kids are subsidising people with families!* • *can gas heat solar panels?* • *there seems to be more clarity/detail in electricity bills compared to gas?* • *Different policy settings btw NSW and Vic.* • *How will no customer be disadvantaged if we are moving away from declining blocks?* • *Do you think governments will help people electrify?* • *With the government encouraging electrification are people going to move away* • *What type of customer (usage) are impacted by declining blocks* • *Is it fair that small commercial pay the same as residential.* • *Why can't we have a green gas tariff?* • *If we can use bio more does that make using gas ok* • *Tariffs are important for electrification – they can help ppl. move away from gas (diff. impacts for diff. customers)* • *The way we price can influence people's decisions on whether they stay on gas or not.* • *Understand more the future of demand.* • *We have 3 levels of the bill chain, why do we need the retailer.* • *The economics gets more expensive the more people leave gas.*
Questions put to Jordan Rigby	
Risk sharing	• *If we passed all of the risk to Jemena what would red energy do for the customer?* • *Could we share the risk with Jemena so we could future proof and turn it off one day?* • *are we sharing the risk with Jemena, as well as the retailers? A: No, retailers are not included. Retailers will just take whatever tariffs are on offer and create a market offer/ product.* • *sharing the risk -- does it cause more volatile prices? yes... under a revenue cap.*
Retailer perspective	• *So the variable price is more [impactful] than the fixed charge?* • *How volatile is the price of gas?* • *How are Jemena impacted my net zero 50?* • *the demand for gas does impact the price of gas.* • *Demand issues are different between gas and electricity because you can store gas in the pipelines.* • *How often do retailers ignore what Jemena does which would make what we do moot?* • *Does Red Energy make more profit selling gas or electricity? E.g. if people stopped using gas tomorrow, would they pay more for electricity because of the demand?* • *Are there marked differences? we go on to the comparison website for electricity but is it there for gas?* • *Do you guys retail out to small business SMEs?* • *Which is the more volume customer? Is it consolidation (in terms of volume) of household or more customer and commercial?* • *ACTION: Jemena to include breakdown of commercial and residential customers in the next reading pack* • *I am interested in the differences between residential and commercial customers.* • *Would that translate nationally? I see AGL as the big retailer.* • *What timeframe would you be looking at to go 100% electric (building the infrastructure needed?)* • *It has an impact on what the retailer will pass on.* • *to what degree will any JGN tariff changes flow through to customers?*

Topic	Question
	• *could you find specific retailers that give you inclining/ declining/ flat blocks?* • *lots of discussions on vulnerability, family, etc.* • *from a retailer perspective, have people been leaving the gas network? Yes. but it's not full blown. Over the next 5 years, it's not going to happen quickly. those who can afford will electrify, will do -- it's a luxury. people are saving up to pay their mortgage, not to electrify.* • *wholesale costs, transmission costs also affect the final retail bill.* • *if retailers have less customers, we have less buying power so it may increase costs.* • *how have retailers tackled net zero?* *retailers have looked at renewable gases, electricity (a bigger portfolio). From a gas perspective, we have various mechanisms in place to implement.* • *Are retailers regulated?* • *Given 80% of gas is exported, should we restrict this to drop the domestic market price.* • *Does a retailer have the same regulatory cycle as Jemena?* • *Are you a national retailer?* • *What do you see the future trend to be, will growth continue?* • *Who puts the infrastructure in on new estates?* • *Do you see a trend in gas usage up/ down over time?* • *For small gas users, will retailers remove the supply charge.* • *How competitive is the gas compared to electricity market.* • *Can we take any learning from overseas markets*
Participants' lessons and advice	
Risk sharing	• *tariffs should be more customer centric. Sharing ratio should be 70:30 (70% of the risk borne by JGN, 30% borne by customers)* • *Why are retailers saying that Jemena bears the risk?*
Lessons and advice	• *one thing I'd like to know from Jemena is numbers and data – ego what it means for a family.* • *Thing I learned is we can't split off the gas network today – so that made me think we need to partner with our gas providers, we can't just turn it off – it takes time.* • *Ratios between housing and commercial – what is the ratio between the two who pays more. Would like to see those things in numbers.* • *A lot of good information I'm coming to know – keeping that in mind for future. I don't like using electric compared to gas, govt is encouraging.* • *I feel like customer should have more impact in terms of choosing what they want – like electricity – paying peak off peak and shoulder. So we've worked out.* • *I was intrigued to find out there was solar panels to use a gas appliance – at an open house. Why isn't that being encouraged more? E.g. if homes are being built correctly and they are buying the right things I don't agree with them taking.* • *splitting out resi and comm customers -- starting price point for residential customers should be lower.* • *observer -- need to consider supply vs usage charge.* • *medium to large commercial customers should be incentivised to not waste gas.* • *splitting out residential and commercial customers levels the playing field.* • *are the new tariffs sustainable /environmentally sound?* • *we cannot save the environment or lower bills.* • *We cannot please everyone.* • *Tariffs are trivial in the larger picture.* • *You can't shape tariffs to be affordable and help the environment at the same time.* • *Is a flat tariff a compromise?* • *If we charge commercial more, they will just put up their products price.* • *What is the breakdown of usage with resi/ commercial and industry?* • *If Jemena changes its tariffs, it might impact different retailers more depending on their customer base.* • *Ensure customers will not be disadvantaged.* • *Use a different approach for businesses.* • *If the current tariff is not broken and won't help the environment, why change?* • *Information to consumers will be key to retain customers. Customers need confidence that gas will be available*

Homework 2

Reflecting on what you've learned and discussed, to what extent do you feel the proposal to separate commercial and residential gas tariffs to provide more tailored tariffs to each customer group, is in the best long-term interests of customers?	
1	*Australian Gas Networks adjusts its tariffs periodically in line with Access Arrangements approved by the Australian Energy Regulator and contractual terms agreed with network users. Tas Gas also provides commercial tariffs and charges that include additional charges when other services are engaged.*
2	*Negotiates with business customers to determine the gas price and specifies it in their plan. Synergy offers a range of commercial gas and electricity products with different features and benefits. The Australian Energy Regulator receives tariff variation notices from gas distribution network service providers each year that contain the tariffs they propose to charge customers to recover their revenues for the upcoming year.*
3	*Not sure to be honest. I feel like we don't have enough information to make an informed decision. If we separate it, will business be charged more because they use more? Or will they be charged less based on the declining model? Will residential then pay more because we can't access the bulk wholesale price like businesses do?*
4	*Yes, I think that is a good idea and could be in the best interest of both groups of customers. Both groups would need to be informed ahead of time so that they have time to consider their best path ahead.*
5	*Basically yes, however I believe we are tinkering with the edges, rather than going in "boots and all. "Consumer price appears to be the dominant consideration rather being a part of the equation along with environmental concerns and health issues.* *My caveats are: -* *Given the current gas market structure Jemena needs to remain viable to ensure they have the $$ to properly maintain the gas delivery infrastructure and have funds to progress greener gas options such as methane recovery from landfill etc. There needs to be some driver, possibly price or rebates for greener options to discourage 'natural gas' usage and encourage more sustainable and environmentally friendly options and great energy efficiency strategies. Best interest of the customer should not be just about price. It must be wholistic and include health & environmental issues. Gas is basically an inelastic product hence price will not greatly affect demand. Gas prices would be dramatically cheaper if government intervention prohibited some 80% of gas produced being exported which results in additional CO2 being generated – (Carbon miles). Gas would also be significantly cheaper if the retailer who have costs and a profit motive were removed from the process. I don't see the need for the retailer to purchase gas wholesale to then retail this same product. Gas producers could fulfil this role potentially by using smart computing techniques.* *Subject to how the split tariffs are 'structured' I believe this will be in the best interest of customers as: -* *Commercial customers irrespective of the tariff structure will pass on gas costs to the consumer. Energy costs for the vast majority of commercial users should not be a major cost component in the end costs of products. Hence the gas price structure as long it is similar to other energy costs should have no material impact on commercial customers although any additional costs will add to inflation and the CPI.* *Domestic customers potentially will experience higher gas costs; however, this splitting could give the opportunity for the supply charge to be removed from domestic gas bills. Price increases in this market may encourage consumers to consider transitioning to greener or more energy efficient options.* *I stress it is in the best interest of customers to have a healthier environment with less natural disaster etc due to the adverse impacts of dirty energy sources. This will come at a cost. Anything to achieve this must be supported.*
6	*If we move from a declining block to a flat block tariff, then doing so will disadvantage residential users.*
7	*I believe that separation of commercial from domestic/small business would allow Jemena to better consider the impacts of change on each market and provide a tariff structure that more fairly reflects the needs of each group. The drivers for domestic are different from commercial the tariff structure should be different if we want to influence behaviour.*
8	*As a residential customer, I am not happy for the arrangement such as the more gas I use, the lower tariffs I will pay for two reasons: (1) the arrangement will encourage more use of gas, which is not expected for me in the future; (2) the arrangement may generate a challenge for reducing carbon emission as more use of gas is encouraged.* *For business customers, they may like the arrangement that the more gas the business customers use, the lower tariffs they will pay for two reasons: (1) They have already used enough gas to get a cheaper tariff and they will getting even cheaper tariffs if business is growing as expected: (2) Reducing carbon emission in not the priority for business. They may be able to buy carbon credit to do so if they wish.* *Based on the above, I think that it makes sense to separate commercial and residential gas tariffs to provide more tailored tariffs to each customer group as it will offer the best long-term interests for these two groups of customers. Of course, we can consider a small business such as a micro-business customer as a part of residential customers.*
9	*I am in favour of the proposal to separate commercial and residential gas tariffs. These two groups have significantly different gas usages, and yet are being treated as one group, resulting in commercial customers*

Reflecting on what you've learned and discussed, to what extent do you feel the proposal to separate commercial and residential gas tariffs to provide more tailored tariffs to each customer group, is in the best long-term interests of customers?	
	being huge winners while residential customers are huge losers. This is because the average price per unit of gas commercial customers have to pay is unnecessarily higher yet are not punished financially if they decide to waste gas, which is ironic given Jemena's goal of net zero. *I believe that separating these two groups will level the playing field if and only if the tariff model is structured in a way such that the average price per unit of gas for an average residential customer decrease compared to what it is currently.*
10	*I feel separating the commercial and residential gas tariffs is indeed in the best long-term interest of customers as residential usage is different to commercial usage and so a fairer and more equal system can be set up. Residential customers would not use the level of gas that commercial customers use.*
11	*I think separating the two groups of customers is a good idea and can be used in the best interest of customers. Just dividing them into groups doesn't necessarily ensure a better deal for residential customers, but Jemena can certainly use this split to make decisions in the best interests of both customer groups. It would allow Jemena to make gas prices as affordable as possible for households who use small amounts of gas, which would be in the best interests of residential customers. The tariffs can be structured in a way that reflects the much smaller quantities that households use. The tariffs can then be structured differently for commercial users who use much larger quantities and perhaps don't vary as much based on the seasons. By having these different pricing structures, Jemena can still recover its costs but in a way that helps the vulnerable and families in particular.*
12	*As I mentioned in the last group, I was actually surprised to find out commercial and residential pay the same. It definitely does need to be tailored to be separated. I feel that commercial should pay that little more and residential pay a little less. Either way the commercial business will just pass on the cost to the customers anyway and Jemena will still win.*
13	*Overall, I think the separation of tariffs for residential and commercial customers is in the best interest of both groups and JNG.* *Doing this will enable a suitable tariff to be put in place for each of the customer groups based in their individual use patterns and volumes. It will also enable the sharing of risk, if that is desirable, in a manner that reflects reliance on gas and the usage patterns of those taking on aspects of risk. For example, under the current model a tariff increase may be in excess of what a residential consumer can realistically afford long term but is affordable for commercial customers. A separated tariff arrangement has the potential for tariff rate changes to be reflect affordability of each different group.*
14	*I believe this proposal is in the interests of customers. As it's proved that residential users do not consume much gas, they should be considered a separate category to commercial users. However residential users are also the largest group of has users with the least agency.* *in the long term, residential users have to consider not only cost, but fairness and the environment. Therefore, any tariff affecting only residential users will have a large effect on these 3 factors.*
15	*Yes, I believe the separation of commercial and residential gas tariffs is likely the best idea. I think more favourable gas tariffs should be offered to residential customers wherever possible as a response to the cost-of-living crisis. Commercial customers can and do factor in their rising costs with the prices they charge customers. Residential customers have no such avenue to mitigate costs*
16	*In favour of separate tariffs:* *It allows for customized pricing structures that better suit the unique consumption patterns and needs of each customer group.* *It can ensure that neither group subsidizes the other, promoting fairness and potentially reducing costs for each customer segment.* *Tailored tariffs might incentivize more efficient usage within each group, contributing to overall energy conservation.* *However, potential challenges or drawbacks can include:* *Managing separate tariffs for different customer groups might introduce administrative complexities and could potentially make it harder for customers to navigate through various pricing structures.* *There's a risk that one group might benefit significantly while the other faces increased costs, creating disparities in access to affordable energy.* *Initially, separating tariffs might cause uncertainties or disruptions for customers accustomed to existing structures.*

Q2: Reflecting on what you've learned and discussed, to what extent do you feel the proposal to streamline inclining block tariffs to avoid bill shock, and gradually flatten them in line with changing patterns of use is in the best long-term interests of customers?	
1	*The National Electricity Rules require distributors to gradually make their tariffs more accurately reflect the costs of serving their customers (i.e. cost reflective) For example, transitioning single rate usage tariffs to reflect different peak and off-peak times (time-of-use tariff).*
2	*The Australian Energy Regulator (AER) approved the declining block network tariffs for the three NSW networks to apply from 1 July 2015. Despite the block tariff being a standard pricing arrangement for many Australian households, the usage blocks and applicable costs can be a little tricky to wrap your head around.*
3	*To be honest, not 100% sure what this question is asking. It's confusing to me.*
4	*Yes, again I agree as the we are heading into a rocky future ahead and until a determined path is decided on customers will need to understand what is happening.*
5	*As I have mentioned it is more than about price – price is only a single component of the best interest equation.* *Flattening the inclining block tariffs would seem to be in the best long-term interest of consumers as it may provide customers with some incentive to reduce gas consumption as they will want to avoid the next more expensive tariff increment. This will be positive for the environment. However, consumers will need to understand the previous declining block tariffs were not sustainable and there will be some initial price pain.* *Only negative may be the risk this poses for Jemena who may lose revenue hence spend less on R&D, maintenance etc.*
6	*I would not support inclining a block tariff at this time*
7	*I don't think that inclining tariffs are a good idea as our gas usage is not something we can alter without capital costs (domestically that means appliances and commercially that means new plant and equipment). For domestic customers a flat structure would be easier to understand (and budget) for commercial I feel flat or declining blocks would be appropriate.*
8	*As a residential customer, I like the proposal to streamline inclining block tariffs to avoid bill shock, and gradually flatten them in line with changing patterns for the following reasons: (1) I gives me certainty for my bill: (2) It encourages me to use less gas (at least it does not encourage me to use more gas like declining block); (3) If I really want to switch use of gas to electricity, I am likely feel less risky. If using declining block, the less gas I use, the higher tariffs I will pay (depending on which block I am in); (4) Especially in this uncertain financial environment, flattening tariffs may be the best choice since no one wants a bill shock.*
9	*If the goal of implementing an inclining block tariff is to avoid bill shock, it wouldn't be very useful. It is difficult enough for customers to monitor their gas usage already which would add unnecessary stress.* *Furthermore, inclining block tariffs would increase overhead costs significantly for commercial customers which would result in them leaving the network, which would increase gas prices for the remaining customers. Otherwise, they would respond by increasing the prices of their goods/services sold. Both options would not benefit either party.*
10	*For residential customers a flat rate system would be most beneficial as it would be easier to comprehend and help them with saving and budgeting in our risky economic environment. Commercial customers would most benefit from flattening block tariffs as we are living in very unstable economic and financial times.*
11	*Did this question mean to ask about streamlining declining block tariffs and gradually flattening them?* *I think that moving gradually to a flat tariff structure is a good idea. I don't think it needs to be super gradual over a large number of years as for residential consumers in the first couple of blocks it might not make a huge difference. Also, it sounds like the gas retailers make a lot of the decisions about what ends up on household bills so they might do their own gradual process in a way that works for their customers regardless of what Jemena does.* *I think ending up with a flat tariff structure is a good compromise between affordability and environmental concerns (which have opposing pulls on what tariffs should be used).*
12	*I don't like the incline or decline system the gas suppliers have in place. From the beginning I've said that I believe we should be able to choose how we are charged. That choice should be made on how we use gas. People who use less shouldn't be penalised for not using enough and people who use a lot should be penalised for using larger amounts. It needs to be fair for all customers and users.*

Q2: Reflecting on what you've learned and discussed, to what extent do you feel the proposal to streamline inclining block tariffs to avoid bill shock, and gradually flatten them in line with changing patterns of use is in the best long-term interests of customers?	
13	*I don't think there is a simple answer to this, particularly in relation to changing usage of gas over time.* *If a separate tariff arrangement is put in place for residential and commercial customers there would be a case for fine tuning both inclining and declining block tariffs to provide an incentive for the reduction of gas use by commercial customers and a practical stable pricing arrangement for residential customers. This is important as commercial users will make commercial decisions about their continuing use of gas, while a large group of residential customers may not be able to make a move away from gas for a variety of reasons such as not being able to afford the upfront cost of replacing appliances to arrangements for renters.* *I think there is a bit of faulty logic in considering 'changing patterns of use' by consumers. Gas use appears to be an inelastic volume for most users. That is, many customers cannot choose to use less gas while remaining on the network. The largest component of a gas bill is the connection charge, with the volume used charge being fairly low. While connected to the network a changing volume use for a residential customer consideration is off – are JGN thinking a residential consumer will cook less or take less showers.* *The major impact in terms of usage from a residential perspective is turning gas off at a residence and using other sources of energy, in which case the tariff becomes irrelevant for that consumer.*
14	*This proposal is also in the best interest of customers. As it's already established that gas use must decline, like any major societal change, the transition should be gradual. For example, the analogue tv signals going offline were preceded by years of announcements.* *The only tricky thing is to balance the pace. We obviously don't want to make the process too slow, as environmental interests also intersect with customer interests.*
15	*I asked the question of why customers can't opt for what tariff they wish to be applied to their bills. Why can't the customer receive a notice of their last 12mths of bills for example, have the three tariff types applied and the customer be able to view which one works best for them and opt to apply it? If the customer doesn't wish to do that there could be a default tariff applied until and unless they notify of which one, they want applied. I'm not sure if this is possible but seems if it were, customers may become more invested/informed in relation to gas.*
16	*It provides customers with more predictable bills, avoiding sudden spikes due to higher usage within specific blocks.* *Flattening the tariffs gradually ensures a fairer system where customers are charged more consistently based on their actual usage rather than steeply escalating rates.* *This approach encourages more efficient use of gas by discouraging excessive consumption through progressively higher rates, promoting a more sustainable use of resources.* *It supports better budget management for customers by offering clearer expectations of their bills, helping them plan and manage their expenses more effectively.* *Avoiding bill shock and ensuring a smoother transition in tariff structures can enhance overall customer satisfaction, leading to a more positive relationship between customers and gas providers.*

Q3: Reflecting on what you've learned and discussed, what would fair risk sharing look like?	
1	*Fair risk sharing strategy that involves a company transferring risk to a third party. The risk in this context can be defined as the likelihood of an event happening and risk is shared between the customer and the company. Businesses commonly share risk because it helps limit the liability a company may face when making a business decision. Businesses also share risk to reduce the probability of uncertain or unpredictable events.*
2	*Risk sharing is a good thing because it increases stability. Leaders should share risk whenever possible. If the company experiences a loss due to an unforeseen event, the third party that the company has transferred risk over to will cover some or all the loss depending on the policy. The third-party organization would enter into a contractual agreement with the client company that defines the type of risk they can cover and how much they are willing to cover. The client company will agree to pay periodic payments to the third party to have this risk management service delivered.*
3	*I think Jemena should cop 80% of the risk and the customer being 20%. Given the majority of customer are residential on the Jemena network, it would be a hard ask for everyday people to cop the risk given this tough economy. If there were more commercial customer, then maybe the risk could be shifted to 70/30*
4	*I am not sure any residential customers would be interested in risk sharing. However, I feel many commercial customers who are big gas users will definitely wish to stay on a gas network. Residential customers have the option of going all electrics as proposed by the ACT and Victorian Governments at this stage.*
5	*Risk sharing needs to be a blend not only between Jemena, who I fully accept are a commercial profit-based organization, who provide effectively an essential service (electricity grid would collapse if gas was suddenly taken out of the energy mix), the consumer/society and government.* *Reason for the shared risk is that Jemena are not effectively able to set their own price structure – which as a profit organization operating in a free-market economy, they should be able to do!! Government also must share in the risk as their policies / or lack of, directly influence the market. e.g. Failure of the government to restrict gas exports, noting in basic terms price is set my supply vs demand.* *In addition, all 3 players need to share the risks associated with environmental degradation, part of which is caused by extraction & consumption of natural gas.*
6	*Retailers have made it clear that it is fair for Gemini to bear the risk. A price cap also leads to more stability in pricing.*
7	*Jemena is a commercial operation and as such should bear the majority of the risk but be able to reap the majority of the rewards if they outperform.* *As a consumer a price cap gives me certainty and provides Jemena with an incentive to keep existing customers satisfied and to increase its customer base to increase its profitability.* *I believe that a fair risk sharing model for the future would be 80% price cap and 20% revenue cap as we are still unsure of the future impact of net zero targets and any incentives the government may offer to meet these targets.*
8	*I agree that Jemena should bear the majority of risk. However, I do think that customers need to bear a minority of risk since Jemena will not pay people who decide to switch from gas to electricity anyway.* *There may be a long-term risk to use gas if it is more expensive to use gas than electricity as the power supply for the household. However, if it is more expensive to use electricity than gas in the near future, what do residential customers do? Do they switch from electricity to gas noting that switching itself is not cheap, at least $10K? If a customer switches from gas to electricity and then electricity to gas within few years, they will lose money easily.* *For customers to share the risk, around 10-20% of the total risk, we need to pay a fair tariff so that we are not worse off to continue using gas and we need a reliable and consistent supply of gas to do things we want to do.*
9	*I am in favour of sharing risks which aligns with the proposed combination cap which will involve Jemena 'absorbing losses in revenue to a point when customers leave the network'. However, I still need some clarity regarding how this 'point' is calculated and whether this 'point' is static or dynamic? If dynamic, what are the variables that will affect this?*
10	*Residential customers have made it loud and clear that Jemena should bear a large portion of the risk (75%-80%) of the price cap. Price capping then leads to overall customer satisfaction and the chance for more customers to come along and so increase the turnover and hence profits.*
11	*I think Jemena should bear the majority of the risk, particularly as it helps residential customers and the more vulnerable to have prices that are stable and predictable. Having Jemena bear the risk up to a certain point but having a cap on it could help them to be able to price lower as they know they aren't going to totally fall apart if things drop unexpectedly, and also gives consumers the option to have some benefit if things go miraculously well. But I guess I am unsure as to how that would work, and if the cap is reached then would prices drastically change for customers?*

Q3: Reflecting on what you've learned and discussed, what would fair risk sharing look like?	
12	*If Jemena doesn't take more of the risk, I feel that more and more people will convert to all electric. The cost of living is forcing people to make more long-term cost-effective choices. I'll spend more now to save later (years from now). Daily supply charges and tariffs need major changes. I think my idea of staggering supply based on how many gas appliances you have. That is a step id be prepared to take over an including tariff.*
13	*I think the concept of risk sharing is somewhat faulty in this consideration.* *JGN as an organisation bears all of the risk, and it is a commercial decision as to how it mitigates the risk. The better question is how JGN should be allowed to impact customers through the decisions it makes to mitigate the risk of changing gas usage patterns over time. What we have discussed as being the sharing of risk is in reality a transference of risk borne by JGN to its customers. This is not an uncommon occurrence in commercial arrangements, but in the case of entering into a gas supply arrangement to a residential customer, it strikes me as being unfair as an individual customer cannot decide to negotiate the risk transference to a level acceptable to the individual consumer.* *It remains unclear what levels of risk are acceptable to JGN, and the mitigation strategies it will use to ensure the mitigated risks are acceptable.* *JGN should be prevented from mitigation of risk by transference of risk to its customers using increased pricing mechanisms.*
14	*I suspect that the reality is, if Jemena doesn't assume the greater risk, more customers will convert to electric. The current climate is challenging. We have the current cost of living crisis coupled with new supply of gas being ceased in parts of Australia e.g. ACT. We have the push to become more environmentally aware e.g. plastic minimisation, messages of renew/reuse/recycle etc. We have govt green loans and likely incentives to become more electric E.g., EVs. Given all of this, gas customers may be and continue to be declining in numbers. Jemena will likely need to offer something desirable to retain customers – such as assuming the majority of the risk*
15	*This question is quite complex. On the surface it would look like equally distributing both profit and loss, however it's highly likely that gas will lose connections over the coming years.* *However, the risk from climate change is much greater than any shorter-term savings for me, so discouraging gas connections at any cost would be a more suitable outcome.*
16	*Clear and transparent communication between gas providers and consumers about potential risks associated with supply, demand fluctuations, or pricing changes.* *A system where both providers and consumers share responsibility in managing and mitigating risks, acknowledging that external factors might affect supply or demand.* *Offering flexible contract options that allow adjustments based on changing demand or market conditions without penalizing party unfairly.* *Providing incentives for consumers to use gas more efficiently, thereby reducing overall risk by lowering demand during periods of scarcity.*

Workshop 3

How comfortable are you that Jemena's proposal to split large and small use customer tariffs is in the long-term best interests of customers?

Love it	Like it	Live with it	Lament it	Loathe it
				
50% (8)	**50% (8)**	**0% (0)**	**0% (0)**	**0% (0)**

100% Like or Love this proposal.

Why did you vote this way?

It allows for tailored responses to different customer types.	• *Offer benefits like tailored pricing, better service for different consumption levels, and more targeted support for diverse customer needs. For large customers, it might mean competitive rates and personalized service, while smaller customers could benefit from more affordable and manageable pricing structures.* • *I reckon the split is good as it can identify different groups and caps, tariffs can be set accordingly.* • *Large and small us customers have different needs for tariffs hence they should be treated differently.* • *Large and small use customers are really different and shouldn't be lumped into the same category. The current tariffs result in large use customers being big winners and small use customers are big losers. Splitting these out would level the playing field.*
Large customers can pay more and small use customers less.	• *It will allow Jemena to better target tariffs to the consumers. Increased tariffs for commercial will spread the social costs of increased prices across all consumers not just the gas customers.* • *it has been explained that the intent is to use the split in order to transfer costs from residential customers to commercial customers.* • *It makes it flexible and adaptable to make any changes if required. It also allows Jemena to pass on cost/reduce cost to one certain group.* • *Gives better outcome for households as less price increases, Major users proposed price increases are reasonable,*
It's fair and equitable.	• *Because it is fairer than splitting between residential and commercial customers.* • *Better and fairer for customers to use and more just and ethical long-term prices.* • *Because we are looking at fairness and equity – seems the best way is to split.* • *I think it's fair for both residential and commercial users.* • *Me and the group feel it is the most equitable process, especially since big business can wear the cost. Even someone that felt neutral felt it couldn't hurt to do this, especially with cost-of-living pressures.* • *It allows more freedom to price things in a way that is equitable and affordable for individual customers. Pricing can be done differently for people who don't earn much or use much.*
It's simpler	• *It is a simple and easy to understand.* • *Yes, would be a great idea*

What would make you move up the scale?

- *Ensure clear communication about the criteria defining large and small customers and how the tariffs differ. Transparency builds trust.*
- *I think understanding the usage of both and plan the tariffs from a customer perspective.*
- *Flat tariffs for residential*
- *I don't know it will have a significant impact in the real-world gas bills.*
- *I suppose this is dependent on how they price the large/small customers. Who's going to be paying a larger sum and how much more?*

How comfortable are you that Jemena's proposal to streamline tariff blocks is in the long-term best interests of customers?

Love it	Like it	Live with it	Lament it	Loathe it
				
56% (9)	31.5% (5)	12.5% (2)	0% (0)	0% (0)

100% Live with and above

Why did you vote this way?

It's simple and understandable	• *I think that keeping things simple makes sense. Especially with the big users on a separate tariff structure, the smaller users can be grouped together more efficiently.* • *Clear and streamlined tariffs can enhance a company's competitiveness in the market by presenting a more attractive and understandable offering compared to competitors with complex pricing structures.*
It's a step towards a flatter tariff structure which will help reduce gas consumption	• *Larger blocks give opportunity for consumers to strive to kept to the lowest block possible, which is a positive to the environment.* • *As a customer I only use declining blocks in one quarter per year. I think simpler tariffs are good for both residential and commercial users.* • *Blocks are too many for understanding. They should aim to flatten/use inclining block the tariffs eventually.* • *When put in the context of eventually flattening and even inclining the tariffs, it makes sense. I would just like the process to be faster, especially for commercial customers.* • *moving towards a flat tariff is probably going to help reduce consumption*
It will shift revenue from small use to large use customers	• *From my understanding, it would be in the best interest of residential customers since in the long term, it would result in residential customers paying less.* • *The lower end user (average residential) would not be greatly affected by this. It may mean higher end users (industrial/commercial etc) may end up paying more. However, we know that most will pass on additional costs to users/customers of the service.* • *Because all customers will be treated fairly in that all will have a small increase in tariffs but again all customers whether large or small will be on a declining tariff with the proportion of revenue from larger customers gradually increasing over the 5 years till 2029.*
It won't make much difference / I don't have enough information	• *I don't think it's going to change much for residential customers, but the commercial customers may find that increase.* • *I'm not sure we have enough info, in terms of what a bill will look like* • *I think it has little effect to residential customer considering we don't reach the high blocks. It also makes the large customers pay more than the current model as there's 2 less blocks to decline.*
General support	• *Yes, would be great for the customers.* • *I am comfortable with this approach.* • *Customers are getting a fair deal overall in the long term*

What would make you move up the scale?

Moving faster	• *I think heading more towards a flat structure makes sense. I understand this has to be done slowly but perhaps this could be done a little bit more at this stage. Maybe it already* • *A faster process.*
More information	• *Being able to see the actual impacts on the bills of sample families.* • *I'm concerned that as an above average residential user that I may be penalised.* • *My opinion of Jemma overall and putting customers first before profit and reward*

OPTION 1: How comfortable are you that Jemena's proposal for a 50/50 risk sharing mechanism s in the long-term best interests of customers?

Love it	Like it	Live with it	Lament it	Loathe it
				
31% (5)	6% (1)	44% (7)	13% (2)	6% (1)

81% Live with and above

Why did you vote this way?

There is too much risk being placed upon customers	• *I feel Jemena should bear the full risk.* • *I don't like the fact that a business risk is being transferred to a customer but prefer it to a revenue cap.* • *This is a relatively high-risk option for consumers. The reality is gas connections are likely to reduce long term, therefore prices are likely to increase for customers.* • *Still a bit too risky for customers with decreased connections* • *I don't think it has any interest to the customer. It's a mitigating strategy by Jemena to ensure they make the maximum profits even when there will be declining customer on the grid.* • *This is a better option than the consumer takes all the risk – but there is an argument that Jemena should absorb all the risk (as well as potential reward) as a business.* • *I do not feel there is a need to share the risk*
The share of risk on customers should be lower.	• *I think in the initial Stage 50% is fine, but once stabilised it can move to 60% 40%* • *Sharing mechanism is reasonable. However, customers should share the risk less, e.g., 20% or less.* • *Assuming Jemena's prediction of declining customer growth is reliable, 50:50 sharing mechanism would be in the best interest of customers. Although in the first few years, 50:50 would not likely result in the best gas prices for customers, it would be a safer choice in the later years.*
The option is simple, fair and balanced	• *I feel like this would be fairer.* • *It promotes a sense of fairness by ensuring an equal distribution of resources, responsibilities, or benefits among the parties involved.* • *I believe it has quite a fair bit of benefits outweighing the drawbacks.* • *Fosters balanced commitment and accountability from both parties. Each has equal stake in outcome.* • *Equal sharing can minimize disputes or conflicts that might arise from imbalances or perceived inequalities in the distribution of resources or benefits.* • *With 14.5 m customers the risk to consumers is minimal – major catastrophes should be insured event* • *This is the most even and is sort of a middle ground. It does give the best possibility of consumers benefitting if things go better than forecast.* • *The equal split simplifies negotiations and agreements, reducing complexities that might arise from more intricate distribution models.*
Unsure	• *Struggling with the concept. I think option 3 is the way to go.*

What would make you move up the scale?

More information / certainty	• *Greater data, the devil is in the detail, sharing risk should result in lower gas costs.* • *An assurance that gas use is going to rise (however I understand assurance cannot be made).* • *I would prefer to stay with a revenue cap but understand that the AER want to curb Jemena's incentive for growth.* • *A definite projection of increased gas connections* • *It offers quite a high level of fluctuation – hard for the vulnerable and low-income households who rely on predictable bills.*
Jemena taking on more risk	• *Maybe an 80:20 split, or maybe residential customers share less risk than commercial customers.* • *Should reduce the risk for customers to 20% or less.* • *Jemena should continue with the price cap model*

OPTION 2: How comfortable are you that Jemena's proposal for a limited range sharing mechanism is in the long-term best interests of customers?

\Love it	Like it	Live with it	Lament it	Loathe it
				
13% (2)	13% (2)	44% (7)	25% (4)	6% (1)

80% Live with and above

Why did you vote this way?

There is too much risk being placed upon customers	• *The customer is bearing all the risk outside the +or – collar. That is the most volatile for customers and probably the least socially acceptable.* • *This does offer a safety net with the range, but it does then mean that all the risk outside those boundaries is being held by the customer.* • *Again, this option exposes customers to price increase risks should customers leave.* • *I do not feel there is a need to share the risk.* • *Jemena should bear the whole risk as it currently is.* • *This option feels a little risky for customers. It can be tricky for the customers to work out what is going on.* • *Still don't think this benefits customer, as there is a cap of how much Jemena will risk.* • *A bit less risky, but still an opportunity to participate in profits.* • *Not my preferred option, as risk slit 50/50.*
The option does not benefit customers	• *I feel like customers Would be worse off.* • *Customers might end up paying more if their usage falls on the edge of the defined range, leading to additional charges or having to opt for a higher-cost plan that covers their needs.* • *Customers might feel constrained by limited options, leading to dissatisfaction, especially if their specific needs fall outside the defined range.* • *A limited range might not cater to all customer demographics or usage patterns, leaving some customers underserved or forced into plans that don't suit their requirements.* • *I'm not clear this is a win for residential customers. There are too many unknown factors.* • *Assuming Jemena's prediction of declining customer growth is reliable, it would be more beneficial for Jemena than for customers if considering a limited range. Since there is low growth, I'm unsure whether the rate of growth would exceed the extremities of the range.*
Support	• *I think combination is the way to go.*

What would make you move up the scale?

More information / certainty	• *More quantitative information. How likely is the range likely to be exceeded.* • *We need to reduce the uncertainty for this option as customers do not have deep pocket as Jemena.* • *Answers to unknown factors (However I understand these are not able to be provided with definite certainty).* • *Nothing really* • *I would prefer to stay with a revenue cap but understand that the AER want to curb Jemena's incentive for growth.* • *A definite projection of increased gas connections*
Jemena taking more risk	• *Jemena assuming risk* • *Jemena taking more risk*
Prefer option 3	• *Option 3* • *Prefer option 3.* • *I am struggling with this question, but I think Jemena are more inclined to option 3.*

OPTION 3: How comfortable are you that Jemena's proposal for a bounded range sharing mechanism + 50/50 split mechanism is in the long-term best interests of customers?

Love it	Like it	Live with it	Lament it	Loathe it
				
38% (6)	31% (5)	19% (3)	6% (1)	6% (1)

88% Live with and above

Why did you vote this way?

Option might not benefit customers if gas growth is low	• *If situations change and the defined boundaries no longer reflect the actual needs or circumstances, an equal 50/50 split within those bounds might become unfair or impractical.* • *Assuming Jemena's prediction of declining customer growth is reliable, it would be more beneficial for Jemena than for customers if considering a limited range. Since there is low growth, I'm unsure whether the rate of growth would exceed the extremities of the range.* • *Unsure if this is in the best interests -again too many unknown factors.*
Jemena should bear more risk	• *Still think Jemena's just trying to shift the risk onto customers.* • *Jemena should bear the whole risk as it currently is*
Option helps with price volatility / is better in general	• *Of the three options on the table this is the least offensive, as it is the least price volatile for consumers.* • *The most similar to the price cap, which is what I'm comfortable with now.* • *More customer centric* • *Seems to be the best option.* • *This seems to offer a flatter level of fluctuations and helps consumers with bill predictability while still allowing both parties to have potential benefits or potential decreases. It's a more balanced middle ground.*
Option places more risk on Jemena	• *Seems fairest opt, as risk in first instance Jemena, then shared across all consumers,* • *Of the three options this is my preference as Jemena bears a little more of the risk* • *I think the risk would be shared more evenly.* • *It seems that customers will have limited risk in this option. It is good for certainty.* • *If we have no choice but to share risk than I would like to assume the least risk*

What would make you move up the scale?

More information / certainty	• *Assuming Jemena's prediction of declining customer growth is reliable, it would be more beneficial for Jemena than for customers if considering a limited range. Since there is low growth, I'm unsure whether the rate of growth would exceed the extremities of the range.* • *Answers to unknown factors (However I understand these are not able to be provided with definite certainty).* • *I would prefer to stay with a revenue cap but understand that the AER want to curb Jemena's incentive for growth.* • *A definite projection of increased gas connections*
Jemena taking more risk	• *I think this bounded sharing should consider a 70 Jemena / 30 customer split.*
Customer safeguards	• *Some safeguards for customers in distress*
General	• *Nothing really.* • *Again, a difficult concept but I think a combination is the way to go.*

Stage 3

Workshop 1

Activity 1 – JGN has restructured the structure of its tariff by recategorising customers from location ('coastal' and 'country') to gas use (>200GJ and <200GJ) are there any red flags and green flags with this proposal?

Theme	Comments
Group 1	
Green flags	• *Bridging the gap between the retailer and distributor* • *Took our feedback on. Simple to understand* • *Paying less bills. Good for a customer point of view* • *Like simplicity* • *Residential bills going down* • *Don't see any red flags – this sounds like you are going in the right direction* • *Think it's fair that they should pay more*
Red Flags	• *No comments provided.*
Group 2	
Green flags	• *I agree on the simplification of blocks.* • *Not split whether you live in country or city any more, it's split in terms of use.* • *residential customers end up paying less bills. Impact in positive way.* • *fairer playing field. with regards to the revenue / customer slide.* • *Before the new tariffs, I felt like the larger customers / businesses were the big winners and residential big losers. But now we (residential) are smaller losers and larger customers are somewhat (winners). A bit more fair but proportionally the larger customers contribute to more of revenue* • *I like simplification of blocks*
Red Flags	• *Curious about the 200 GJ cut off point. If average household is using 15 GJ – why this? How did we land this?*
Group 3	
Green flags	• *Positive outcome overall* • *Reflects what we said – it's all green flags* • *Increase in costs isn't much* • *Changing the blocks is good*
Red Flags	• *If business costs is going up will it be passed on to customers*

Activity 2 – In the proposed 'hybrid' tariff, Jemena would bear the risk up to a threshold. Beyond the threshold, risk would be shared with customers. The tariff has to take account of the fact that future gas use could be either lower or higher than forecast. What information would help you form a view on: 1) Where the threshold should be set – 3% or 5%?; 2) What the sharing ratio should be – 50:50, 60:40, or 40:60?

Forecasting scenario	Comments
Threshold	
Threshold – volumes are higher than forecast	• *How accurate was 2020-2025 forecasting (* • *What happens when JGN under forecast and demand is strong where does the gas come from.* • *How accurate is forecasting if it's done 5 years. Is it realistic – it will always be under* • *Simplicity is safer particularly in the light of uncertainty* • *Ideally need more context* • *It's so hard to answer when things are uncertain* • *What about external factors? e.g. in regional areas vs cities, government policy etc* • *The numbers are 1% and 2%. Seem quite small overall. Interesting concept. So it's 35% of the overall bill. Is there any maths done what that would look like on a 15 GJ bill for residential customers?* • *What's the basis of the forecasting?* • *Also initial threshold first vs the ratio – need more information to make the decision* • *The forecast is the most important thing – flat? declining?* • *What is the predicted forecast for gas use over the next ten years* • *Would be understand more extreme ends (e.g. 90:10)* • *Would like more information – e.g. for a 2 person household* • *Is the expectation the using forecast will go up? in future years?* • *Think the 50:50 split is best – makes sense* • *How do I know the retailers will pass on the savings (self interest?)*
Threshold- volumes are lower than forecast	• *How do we know how much gas is being used if it's over or under the forecast and how much gas is being used?* • *Are the retailers on board with a slightly more complex way of operating?*
Sharing ratio	
Sharing ratio – volumes are higher than forecast	• *Inflation is so high, price going up so quickly, people feel any savings would be good. Some people say $3 is nothing, people feel prices are stable would be better. Depends on income level – are people happy? (comment rather than question) – will retailers pass it on?* • *Delta wise – the percentages are small – difference between the different options are quite small. $3 compared to $5 a year I can fish it out of the back of the couch if needed. (more a comment rather than question).* • *I felt that it should be equal – the 50:50 plan. Too many numbers, struggling to understand it.*
Sharing ratio – volumes are lower than forecast	• *No comments provided.*

Homework activity 1

The future of gas is uncertain, and forecasting can't predict exactly what will happen in the future. Given this, what should be considered when deciding what combination of threshold and sharing ratio strikes a fair balance for customers and Jemena?	
1	*Plenty of factors should be considered. Political and social factors should be considered as having to reduce carbon emissions may lead to a decrease of connections which will skew the ratio that will be beneficial for customers. The current cost of living crisis will also lead customers to want a more stable price of gas, and ignore the potential for future discounts if there is a significant risk of rising costs.*
2	*In considering the uncertain future of gas, it's essential to strike a balance that acknowledges environmental concerns, technological advancements, and customer needs. For instance, setting a threshold and sharing ratio that incentivizes energy conservation while ensuring fair access to gas services is crucial. This might involve incorporating renewable energy options, implementing efficient distribution systems, and adopting pricing models that reflect both affordability for customers and sustainability for Jemena gas. By prioritizing flexibility, sustainability, and fairness, we can navigate the evolving landscape of energy with resilience and responsibility.*
3	*I would like to go out on a bit of a limb, and add to my previous comment.....* *Should Jemena consider (and I am aware of the legislation) drafting a petition and assisting an appropriate parliamentary member to sponsor a 'Bill' with the aim of creating a fairer /cheaper gas supply to all Australian consumers by: -* *Restricting gas exports – greater availability on shore will result in cheaper prices as there are huge benefits to gas producers to export gas, including these export sales being GST free – claim the GST credits, but no requirement to remit GST on sales.* *Allowing Jemena to diversify and become a gas retailer and gas producer. This will effectively remove one layer of profit 'making' in the supply chain from production of gas to consumers. This potentially would result in significant benefits to the end consumers. I note the Water distribution services are effectively the distributer and retailer. Why is gas treated differently?* *Considerations need to include:* *Details of the and analysis of the projected gas consumption volumes with current customers, (given they are likely to remain a constant given the capital costs associated with choosing an alternate energy supply) and the projection of additional consumption due to additional homes and gas consuming businesses.* *Transparency of what a reasonable profit margin for Jemena should be; noting they are a private company with quite reasonable an expectation of profit, and funds available for R&D to assist capture and develop green gas options. It is in society's best interest if Jemena remains viable!!! (I understand Jemana's financials are reviewed by the regulators (AER?), I believe for reasonableness; however I believe given the nature of Jemena they should be required to disclose their financials similar to a not for profit or a public company.)* *With appropriate approvals enshrined in the agreements with AER, when gas volumes significantly change from the estimated volumes, this should trigger a pricing review to ensure Jemena is protected if volumes sharply fall or the consumer benefits if volumes sharply increase.* *A change in legislation to limit volume of gas exported. This would dramatically reduce gas prices via simple supply/demand market place economics with the resultant benefits to consumers and the economy.* *Consideration must also include initiatives to reduce gas consumption via green gas substitution or efficiency measures as a minimum as 'natural gas" is an extremely 'dirty' fuel source especially when the emissions from extraction to the end user are considered.* *As a final comment can a capitalist society expect price controls over energy when it is not evident for any other consumer products???*
4	*What we do know is as follows:* *The future of gas is unknown/uncertain* *Forecasting is never exact, it is an educated prediction not a promise* *New residential builds in some states/territories are not using gas suggesting gas consumption could be on the downhill slide (possibility this will be soon introduced to all state/territories)* *Therefore:* *As such forecasting needs to be careful and considered* *50/50 Jemina/customer threshold ratio seems the fairest/simplest/less risky of all possibilities* *Sharing of risks and rewards means no party is shouldering all the uncertainty and risk burden*
5	*I think the 50/50 is a good ratio. If you under perform customers will charged more, you estimate more both parties will be 1. Make more profit and 2. Save customers money.*

The future of gas is uncertain, and forecasting can't predict exactly what will happen in the future. Given this, what should be considered when deciding what combination of threshold and sharing ratio strikes a fair balance for customers and Jemena?	
6	*I think Jemena should focus on the threshold and try get the forecast as accurate as possible. It doesn't really matter what the sharing ratio if the forecast is accurate because then the benefits for both parties would be nulled. In saying that, I do think Jemena should forecast more conservatively if they already anticipate a decline in gas usage over the next 5 years.*
7	*I think the threshold needs to be benchmarked against the forecasted change in gas consumption to provide a level of certainty for both JGN and those in the downflow chain, that is retailers and consumers.* *While it may be the case that gas usage will remain about constant in the near term (say 1 or 2 years), in the medium to long term it is likely that household use will decline. Factors outside of the gas market will likely have an impact, particularly in terms of increased large scale renewable electricity production and as small scale renewable energy becomes more affordable through a combination of factors such as technology, efficiencies mass production and government incentives for households to adopt. The likelihood of gas consumption increasing in such a way that a threshold and ratio arrangement will materially impact a residential consumer in a positive way appears to be very low.* *It seems more likely that an existing consumer will see an increase in their usage cost as the result of a threshold and ratio arrangement in the medium to long term, so the threshold and ratio needs to reflect that expectation. Consideration should be given to phasing the threshold in particular so over time the threshold reacts to the expected reduction in gas consumption. That is a threshold that seems reasonable today may result in an increase in charges in year 4 or 5 of the pricing cycle.* *The pricing arrangement should also take into account the magnitude of any impact on consumers and build in a mechanism to ensure that consumers are aware of the drivers that may cause their charges to fluctuate over time. Given that any benefit to customer is likely to be less than $10 annually, it will be necessary to ensure this saving is communicated to consumers so both regulators and consumers can hold retailers to account if the saving is not passed on.* *Final thought is that over time a household consumer should not be better or worse of as a result of putting this style of risk sharing arrangement in place. By that I mean this is a way of smoothing JGN's cashflow. As an organisation JGN will receive a relatively certain price per unit of gas supplied over the cycle, that will enable it to fulfil its responsibilities. A customer may see either an actual saving or a lower increase as the result of a threshold and ratio arrangement in the first part of the cycle, but will likely see an increase in the latter part of the cycle. The aim should be for the consumers bottom line over the entire cycle to be neutral, ie the increased costs of the latter part being offset by the savings in the earlier part of the cycle.*
8	*I believe that when deciding the combination of threshold and sharing ratio, the threshold should take priority, since it takes precedence during the calculations (and if actuals were within the threshold, the sharing ratio wouldn't even matter). It was shown mathematically in the last workshop that:* *If the actuals were within the threshold, then there would be no customer impact, no matter what the sharing ratio is* *If the actuals were lower than forecast, and outside the threshold, the customers would be worse off. The higher the customer to Jemena sharing ratio, the worse off the customers.* *If the actuals were higher than the forecast, and outside the threshold, the customers would be better off. The higher the customer to Jemena sharing ratio, the better off the customers* *Thus, from the customers perspective, it would be of best interest if the actual gas usage is within the threshold, or if the actuals is higher than the forecast, and outside the threshold. However, in the Draft 2025 plan, it was stated that there would be 'significant reductions in new connections and demand over the 2025-30 period'. Thus, if a conservative threshold was chosen, customers would benefit if the actual gas usage is higher than the forecast.*
9	*Given that the future of gas is uncertain, and forecasting can't predict exactly what will happen in the future, customer needs should be considered first when deciding what combination of threshold and sharing ratio strikes a fair balance for customers and Jemena.* *For example, if gas demand is expected to decline at 5% per year from 2025-2030, can we back calculate a few options for the threshold and sharing ratio to ensure a fair balance for customers and Jemena is that the annual price increase for any customer does not exceed 10% (or 5% or CPI value)? To choose the annual price increase figure for customers to be happy with, a survey can be run. Of course, Jemena needs to make adequate profit to be a viable business. After all that work, if there are still a few options for the threshold and sharing ratio, another survey can be run before Jemena make a decision in the submission to AER.*
10	*Clear agreement document profit-sharing arrangements in partnership agreements. Specify thresholds, ratios, and any adjustments over time. Regularly discuss profit-sharing decisions with partners. Transparency fosters trust and ensures everyone is on the same page. Determine the minimum level of profit or revenue that triggers profit sharing. Setting an appropriate threshold ensures that profit sharing only occurs when the business reaches a certain level of success.*

The future of gas is uncertain, and forecasting can't predict exactly what will happen in the future. Given this, what should be considered when deciding what combination of threshold and sharing ratio strikes a fair balance for customers and Jemena?	
11	*The combination must be fair and equitable, thus not favouring one side or the other. Consideration should also take into account the general consumer and overall community. Its important to look at regulations from the view point of fairness and safety, while adhering to the proper regulations, but not at the expense of the customer. The customers needs should always come first. Finally, to look at where the energy conversation is heading and having the correct and proper thresholds in place that allow for fair and equal usage for both Jemena and the customer. Hope my small addition helps. Anthony Molinia.*
12	*When navigating the uncertain future of gas, finding a fair balance between thresholds and sharing ratios is crucial for both customers and Jemena. Here are some considerations to keep in mind:* *Customer Impact: Affordability: Ensure that the chosen combination doesn't burden customers with excessive costs. High thresholds or low sharing ratios may lead to unaffordable bills.* *Equity: Strive for fairness among customers. Consider the diverse needs and financial capacities of different customer segments.* *Predictability: Customers appreciate consistency. A stable combination provides predictability in billing.* *Jemena's Viability: Revenue Stability: Jemena's financial health relies on consistent revenue. Balance thresholds and sharing ratios to maintain stability.* *Operational Costs: Consider the costs associated with maintaining infrastructure, customer service, and safety. These impact Jemena's viability.* *Regulatory Compliance: Ensure compliance with regulations while setting thresholds and ratios.* *Environmental and Social Responsibility: Energy Efficiency: Encourage energy conservation by setting thresholds that promote efficient usage.* *Carbon Footprint: Consider the environmental impact. Encourage responsible gas consumption.* *Community Welfare: Striking a fair balance benefits the community at large.*

Workshop 2

Activity 1 – Discuss the options in your group before you vote on your preferences.

Comments
Group 1
• *If Jemena are overperforming we share the profit. Customers don't benefit as much as I'd like* • *Threshold does the heavy lifting here.* • *Good to look at historical performance of Jemena. Bullish or bearish. Depends on your risk tolerance* • *I think there should be a split between overs and unders – given Jemena's history of performance* • *Have issues with fairness and equity principles as consumers we can't pass on costs. Needs to be looked at with a larger lens* • *Don't mind the 50:50 sharing can go either way. Fair vs 40:60. There's no much of a difference in terms of bill impacts* • *Why isn't Jemena conservative? – We have the regulator!* • *Realised it doesn't matter how much we are going to use – it's more about the accurate forecasting. It comes down to the forecasting and accuracy on that for me. If it gets close to the forecast then the variation won't be so much either way. Conservative in Jemena's forecasting is best.*
Group 2
• *Spencer has put a lot of work into that, a lot of time and effort. He's very good at communicating (we will pass this on to him)* • *I will agree with the others in terms it should be 50:50 that was my view from the beginning. Looking at the figures we are not saving much, that is the main concern we are having – obviously the way they have calculated the numbers that's been massive.* • *I would just go with the 50:50 option. I like it because it's simple, it's clear and easy to understand. Especially as we've been reflecting it's quite a complex issue to begin with. It feels more stable, whether that's true or not, has some feeling of stability around it. As consumers, with fluctuating prices – consumers in general are wanting to we're facing a situation that is unstable hold on to something that seems stable. Whatever way we go, it's not a massive cost / not a massive saving, at either end of that scale.* • *Not a huge saving for how much you use. Looking at the Gigajoules – there's no real winner for Tariffs. Usage is seasonal. I know Jemena and customers are trying to minimise the impact and make it fair. I think the 3% approach with the 60:40 where customers take more of the risk. I'm not minimising the idea of fairness between the customers but think it's going to be that way in future. It is complicated / complex*

- *I really like how accurately they forecasted. Really surprised about that. Especially post covid – who even forecast that? I feel like I can trust the Jemene forecast and lends validity to the numbers. Agree with the observation that the sharing ratios are doing the lifting not the thresholds. Thinking 50/50 and 5%. There's a good reason to be risk averse right now – for example supermarket prices. Want the price to be the same regardless of fluctuation.*

Group 3

- *I'd want to know how hybrid tariffs would align with sustainability goals and promote energy efficiency among customers?*
- *Good to hear the forecasting is reviewed annually. 50:50 seem s the best and most fair system.*
- *Sounds like forecasting is reasonably accurate. Phasing is common in business budgeting. A Stage system could ensure that smaller customers aren't better or worse off particularly in an underperformance. The tariff system could take account of declining use and feasible encourage people to stay on as long as*
- *What are the impacts on small business customers?*
- *Just trying to get head around what benefits customers*

Activity 2 – What are your preferences on the tariff threshold and sharing ratio?

How do you feel about the 3% threshold?

Love it	Like it	Live with it	Lament it	Loathe it
				
17% (2)	**42% (5)**	**25% (3)**	**17% (2)**	**0% (0)**

83% can Live with, Like or Love

What would make you move up the scale?

- *Not sure if it's fair given a customers household's energy needs and habits. For some households, maintaining usage within this threshold might be relatively easy, while for others, it could be more challenging.*
- *It is close enough to 3-4% annual decrease forecast.*
- *Still a saving so I am not opposed to it – it works for the consumer*
- *I need to become less risk adverse.*
- *A good approach to begin with ..*
- *I like the idea of the hybrid 50/50. Its an equal risk*
- *I'm risk adverse, so I would prefer a higher threshold. I wouldn't take the risk of a potential lower bill. Would like my bill to remain the same. The threshold does the heavy lifting, since it takes precedence during the calculations. If actuals were within the threshold, the sharing ratio wouldn't even matter.*
- *Seems to not have much of an effect on the prices*
- *It just means customer shares more risk*
- *Think J should bear more risk or more benefit*

How do you feel about the 5% threshold?

Love it	Like it	Live with it	Lament it	Loathe it
				
42% (5)	33% (4)	25% (3)	0% (0)	0% (0)

100% can Live with, Like or Love this proposal.

What would make you move up the scale?

- *This allows for greater fluctuations in energy usage without triggering additional charges or penalties. This could be advantageous if your household experiences more significant variations in energy consumption throughout the year.*
- *I like this threshold and this could depend upon the usage*
- *Voted love it*
- *It is close enough to 3-4% annual decrease forecast*
- *Still a saving so I am not opposed to it – it works for the consumer*
- *Given we have a single % for over & under performance. 5 % reasonable outcome for J and consumers*
- *This is the best idea in my opinion. I love it*
- *Good effect on prices*
- *Like it better than the 3%.*
- *Still means customer shares more risk*

How do you feel about the 50:50 sharing ratio?

Love it	Like it	Live with it	Lament it	Loathe it
				
50% (6)	42% (5)	8% (1)	0% (0)	0% (0)

100% can Live with, Like or Love this proposal.

What would make you move up the scale?

- *Voted love it*
- *Give stability and fairness*
- *If Jemena takes on the risk by 1% the customers may benefit t more*
- *Consider best split for all concerned.*
- *I like this option but to begin with, the customer should bear less risk to get the customers confidence.*
- *I think that it will be fairer for both parties at 50:50*
- *Best option in my opinion*
- *Don't really care too much about the sharing ratio. The threshold is more important.*
- *Feels the most stable*
- *Highly in favour.*
- *Will net out if the forecasting is correct*

How do you feel about the 40:50 sharing ratio?

Love it	Like it	Live with it	Lament it	Loathe it
				
25% (3)	**25% (3)**	**33% (4)**	**17% (2)**	**0% (0)**

83% can Live with, Like or Love this proposal.

What would make you move up the scale?

- *I FEEL WE WILL END UP IN THE LONG RUN 60 /40 IN THE FUTURE*
- *Not sure if this is true but I heard that historically, Jemena has always been bearish with their projections. In that case, I wouldn't mind a higher ratio. But I still think threshold is more important to consider.*
- *I think it needs to be an equal sharing ratio, regardless of residential or commercial*
- *Potentially we will experience based on history, over performance. Split disadvantages customers.*
- *For me it's the best option, I would definitely go for this option .. Being a customer I would like to bear less risk.*
- *If this was applied short term I could move higher*
- *I think that it will be fairer for 50:50*
- *Highly in favour.*
- *I prefer the 50/50 as its simple and seems a more stable position*
- *Would prefer Jemena to bare more risk*
- *Too much fluctuation*

How do you feel about the 60:40 sharing ratio?

Love it	Like it	Live with it	Lament it	Loathe it
				
0% (0)	**42% (5)**	**33% (4)**	**25% (3)**	**0% (0)**

75% can Live with, Like or Love this proposal.

What would make you move up the scale?

- *The customer share is more*
- *Like it*
- *Simply believe 50 50 best option*
- *The customer should not bear more risk than the company*
- *Same as Q9 – phasing for the short term would be OK*
- *Not sure if this is true but I heard that historically, Jemena has always been bearish with their projections. In that case, I wouldn't mind a higher ratio. But I still think threshold is more important to consider.*
- *As a customer, this does not seem beneficial.*
- *I think that it will be fairer for 50:50*
- *I prefer the 50/50 as its simple and seems a more stable position*
- *Too much risk for the customer*
- *Also too much fluctuation*

Appendix B: Background Reading

Jemena
bringing energy to life

Gas Networks 2050

Customer Forum on Tarrifs

Welcome

to the Jemena Gas Networks 2050 Customer Forum on Tariffs

Frank Tudor, Managing Director
Jemena

On behalf of Jemena, I would like to welcome and thank you for taking part in our upcoming *Jemena Gas Networks 2050 Customer Forum* series.

As the largest gas distributor in New South Wales, each day Jemena delivers natural gas safely and reliably to over 1.5 million customers; helping them to cook meals, heat their homes and keep their businesses running. At the same time and as a national energy business, we're also working to explore and respond to the challenges of a rapidly evolving energy market, including exploring technologies like biomethane and hydrogen to support Australia's energy transition to a net zero future.

From conversations with various customer and community groups we know that this energy transition can be incredibly complex to understand and engage in. We also know that rising cost of living pressures and energy affordability remain issues at the forefront of many people's minds.

Through our *Customer Forum* series, we're seeking your feedback on what concerns and matters to you most when it comes to your **local gas distribution network and pricing**.

Shaping our future gas network together

Over three *Forum* sessions, the project team will introduce you to many of the above concepts including Australia's energy transition, how our Jemena gas network and gas pricing work, and the input we're seeking from you, our customers, to help shape our gas service and pricing decisions.

An introductory pack is attached to this email as useful background and to help support and capture any questions you may want to bring along to the first session.

In the final session we'll also spend time discussing your recommendations for us, which we'll then use to inform the *Jemena Gas Networks 2025-30 Access Arrangement:* a formal submission to our regulator (the Australian Energy Regulator) outlining our proposed gas network services and prices over that period. More importantly, the feedback you share in these sessions will serve to directly shape the future of your – and millions of other people's – local gas network, and I thank you in advance for your valuable contributions.

I look forward to learning from you in this journey together.

Yours sincerely,

Frank Tudor
Managing Director
Jemena

The brief

Introduction

Australia is moving rapidly to reach net zero carbon emissions by 2050 – a target mandated in legislation and policy at both the State and Federal level.

We exist in a world of rapid change, with exciting developments to meet our energy needs.

Governments around the world are developing and implementing different energy policies under a common theme: transitioning towards a zero carbon energy future.

The transition of the gas sector, what it looks like and the role it plays, will be influenced by consumers, technology and policy. Some people think the future should be entirely electric. Others consider that renewable alternatives to natural gas must play a role in the transition. What we do know is that the move to electrification for households, in terms of connections and energy supply is currently more advanced than first thought. However, the development of Australia's renewable gas sector is progressing, with increased research into technology, interest from large customers and retailers, and infrastructure investment by Jemena and other parties. The uncertainty for the future of gas centres around how the energy transition will happen, at what pace, and what a sustainable economy will look like.

Gas pricing

Energy companies on the east coast of Australia, including NSW, are regulated by the **Australian Energy Regulator (AER)**. They ensure that the investments that companies make and the amount they charge customers are reasonable and fair.

Jemena can only charge what the AER says is a fair amount. These charges are included in customer bills which are then issued by retailers. Jemena's portion is around 33-41% of your total gas bill.

Very briefly (as we'll cover this in our sessions), there are two tools that influence how gas distribution is priced: these are called a price control, and a tariff.

Price control: The overall amount of money that Jemena can collect is set by the AER every five years. What is important here, is that this price control hasn't been changed for some time now. The purpose of the current price control is to grow connections to the gas network and keep customer prices stable. While the benefits are that prices are generally more stable, with potentially less customers in the network in the future, the remaining customers would end up paying more for the network as costs including the infrastructure for the network would remain.

Tariff: Another tool that influences gas distribution pricing is a tariff. The current tariff's purpose is to encourage customers to consume larger volumes of gas. This can benefit larger customers like industrial companies rather than smaller households who might be looking to be more conservative with their energy use.

Why are we looking at how gas is priced now?
Thinking about what's happening in the energy transition, we are seeing a focus on climate change, net zero, and shifting to more sustainable fuel sources. We are seeing customers potentially moving away from gas in the future. Less customers may mean those left on the gas network would pay more than they currently do.

This consultation

In the Customer Forum, together, we will start looking at the way gas is currently priced, how it could be priced in the future, and how fair the pricing methods are to Jemena, and to different types of customers.

We will submit this to the AER initially in August 2023, as they've asked us to gather customer views. We will also include it in our five yearly regulatory submission which we will make in 2024. More information on this process can be found further down in this pack.

About this pack

Reading this pack will set you up with a foundation of knowledge to participate in the Customer Forum. Inside you will find information to read as well as links to other content including videos.

Contents

Acknowledgement of Country

We acknowledge the Traditional Owners of the land on which we operate and recognise their continuing connection to land, waters, and culture. We pay our respects to their Elders past and present.

Part 1

About Jemena Gas Networks

Jemena Gas Networks started in 1837 when we were created to light Sydney using gas. In 1841 the first gas lamp was lit and within 2 years 165 gas lamps had been installed. Fast forward 185 years, where today, we are the largest gas distributor in New South Wales.

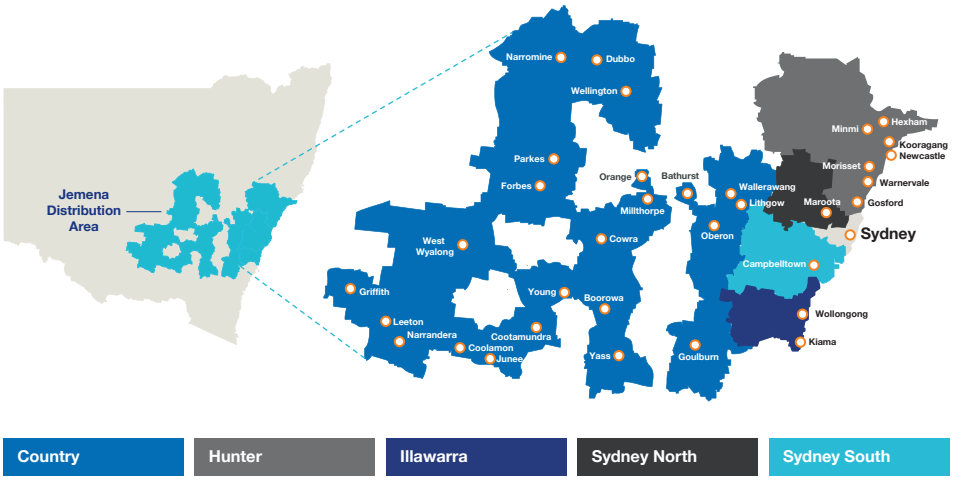
We are not a gas producer; we own and operate the infrastructure and network that supplies natural gas to homes and businesses.

Our gas network is over 25,000 kilometres in length and distributes natural gas hot water, heating, cooking and more, to over 1.5 million customers each year. The network connects gas from major points of supply to residential, business, and industrial sites in Sydney, Newcastle, the Central Coast and Wollongong.

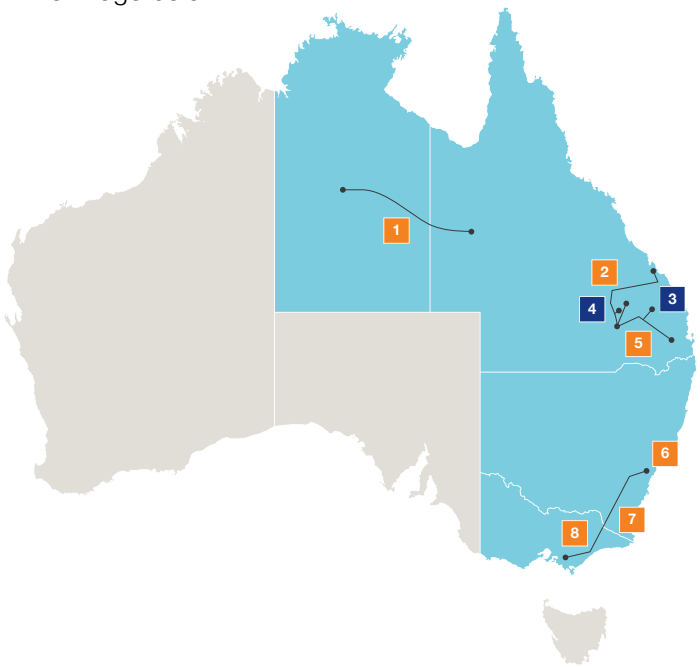
It also covers over 20 regional centres, including the Central West, Central Tablelands, South Western, Southern Tablelands, Riverina and Southern Highlands regions of New South Wales.

Jemena Gas Network

As the largest gas distributor in New South Wales, we're proud to deliver natural gas hot water, heating, cooking and more to over 1.5 million customers each year.



Jemena owns and operates some of Australia's most important gas transmission pipelines shown in the image below.



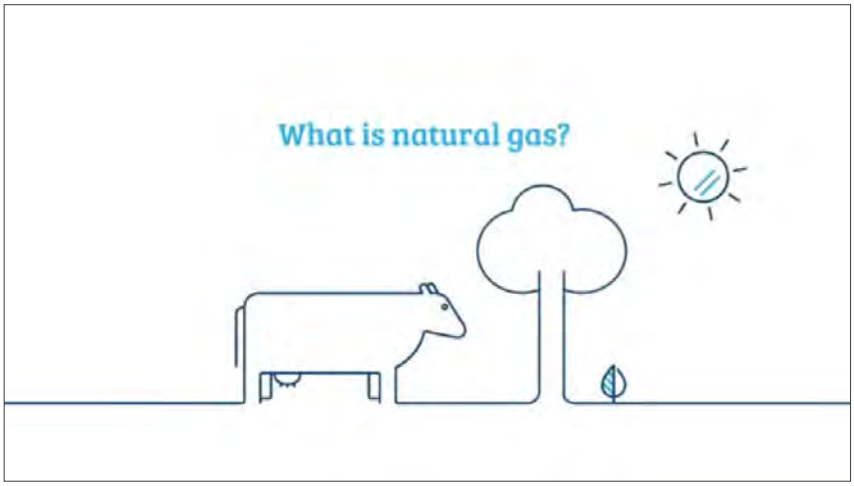
Gas

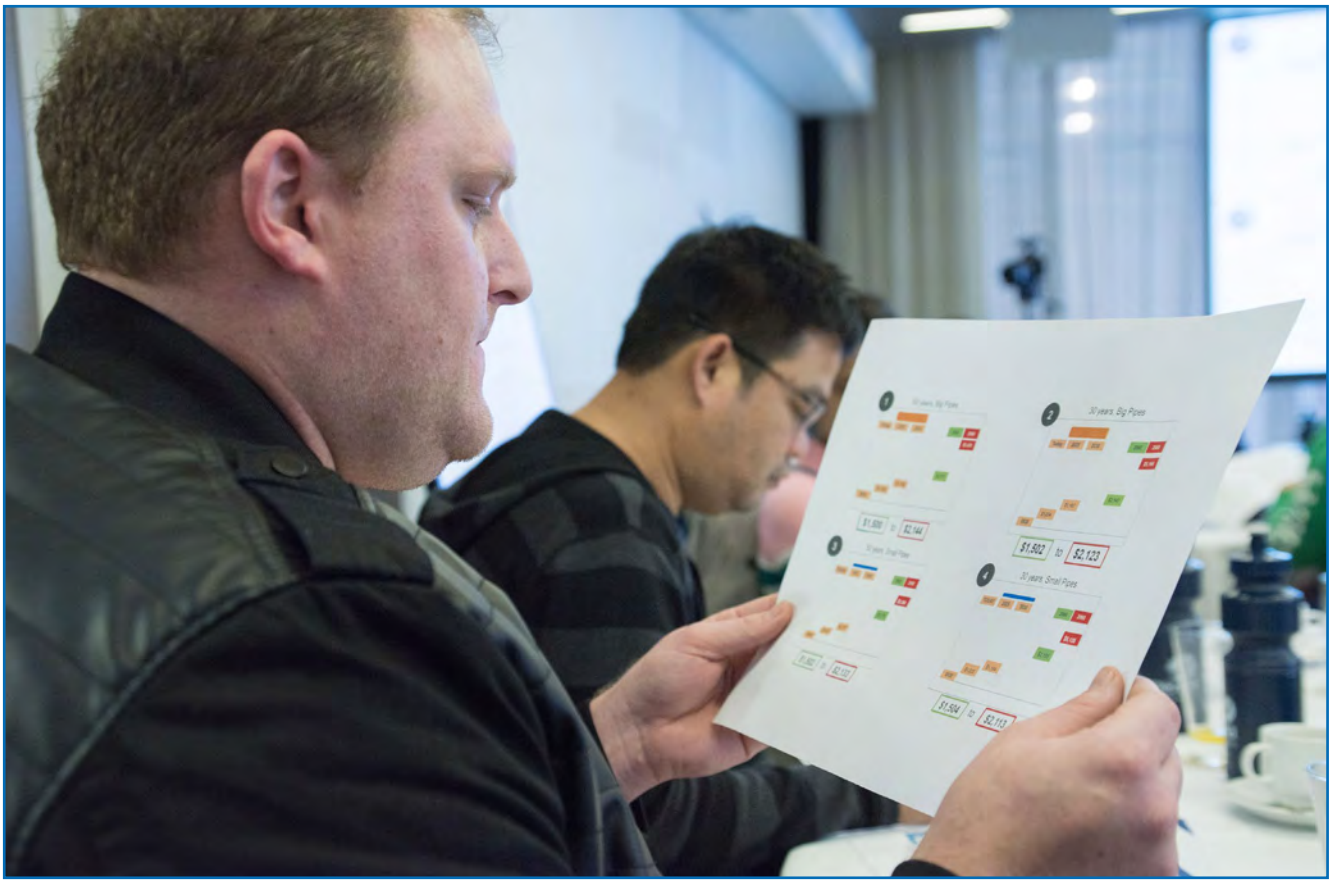
1. Northern Gas Pipeline
2. Queensland Gas Pipeline
3. Atlas Gas Processing Facility
4. Roma North Gas Processing Facility
5. Darling Downs Pipelines
6. Colongra Gas Transmission and Storage Pipeline
7. Eastern Gas Pipeline
8. VicHub

Video link...

Learn about natural gas from another gas network company (00:59 seconds)

youtube.com/
watch?v=0Rc0SMAIr3A&t=59s

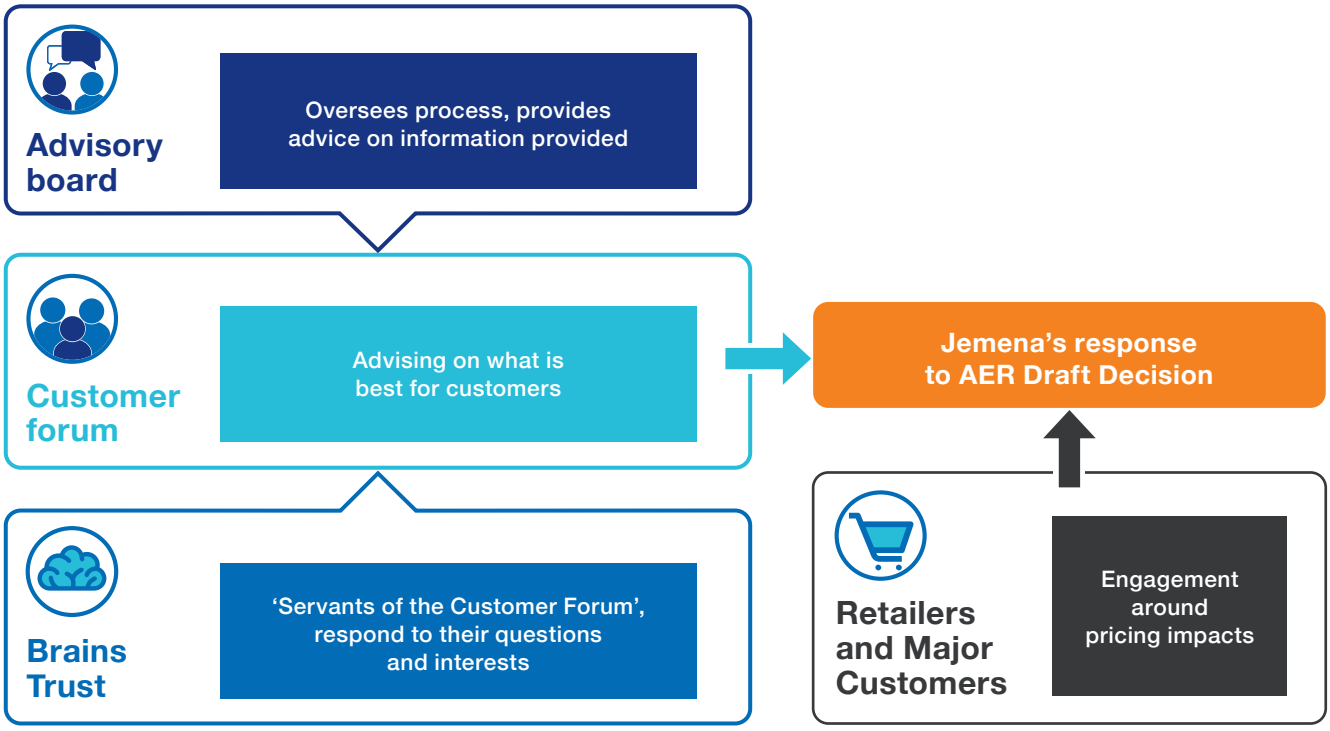




Jemena's engagement process

Overview

Your views and active contribution in the Customer Forum will help Jemena shape the future of its business. Together, we will consider how gas is priced, and how decisions can be made in the best interests of customers. As well as the Customer Forum, we called together an Advisory Board and a Brains Trust. Each group has a distinct purpose but there are connections between the three as shown in the graphic below.



Customer Forum Program of workshops

Forum	Date and time	Link or venue	Stipend*	Purpose
Forum 1	Wednesday 5 July 2023 5.30pm to 8.30pm	**Zoom** https://zoom.us/j/99282574139?pwd=U2pTeWZYMDMvWTRjWVhKZU9SS04xZz09 **Meeting ID:** 992 8257 4139 **Passcode:** 024251	$125	Learning and understanding about the task at hand.
Forum 2	Tuesday 18 July 2023 6pm to 8pm	**Zoom** https://zoom.us/j/94615211149?pwd=UkJrUlg4alZleIpCeTY2YzN1RG00Zz09 **Meeting ID:** 946 1521 1149 **Passcode:** 500997	$100	Experts will help explain gas pricing and how it impacts different customers.
Forum 3	Wednesday 2 August 2023 5:30pm to 8:30pm	**Zoom** https://zoom.us/j/92278995865?pwd=cDR6enBJZUZvM2pxQW4wVlhjTTl3dz09 **Meeting ID:** 922 7899 5865 **Passcode:** 438209	$125	Make recommendations on what is in the best interest of customers.

Who is on the Brains Trust?

In session two, you'll meet the brains trust. Read up about their skills and experience below:

Douglas McCloskey

Advisory Board, Program Director, Energy and Water, Public Interest Advocacy Centre

https://www.linkedin.com/in/douglas-mccloskey-99480854/

Representing NSW household energy consumers, with a focus on households experiencing disadvantage or vulnerability

Doug is the Program Director Energy and Water at the Public Interest Advocacy Centre. He focuses on issues impacting vulnerable NSW households, fair and affordable access to water, access to sustainable technology, and advocating for measures to make the retail electricity market fairer. Douglas has more 15 years of experience across policy, government, and community and social service advocacy and youth development and brings this voice to our brains trust.

Zubin Maher-Homji

Founder and Director, Dynami Analysis

https://www.linkedin.com/in/zubin-meher-homji-19498689/

Representing an economic and policy perspective

Zubin is a leading economist in the energy industry with 15 years' experience in regulation and policy advocacy. He has been a senior manager at Networks NSW, Ausgrid and the Australian Energy Regulator. He founded Dynamic Analysis (formerly Dynamic Economics) in 2014.
The firm assists utilities to develop regulatory proposals and unlock commercial value. He is passionate about bringing a sense of purpose and energy and clearly communicating complex issues, and motivating community, and employees to find dynamic ideas to solve old problems. He has worked with Ausgrid, Endeavour Energy, Northern Territory Power and Water, and Landis and Gyr on regulatory proposals, RINs, customer engagement, transformation, policy submissions, and customer segmentation models.

Victoria Jordan

Advisory Board, Customer

https://www.linkedin.com/in/victoria-jordan-478396273/

Representing NSW gas residential customers with a regional focus

Victoria is a regional customer and participant from our 2020 business plan engagement and has a strong interest in the future of energy. A qualified solicitor within a private practice in Bathurst, her 25 years of experience covers positions in disability advocacy, the Australian Army, emergency services, and as a technician, manager and teacher of Neurophysiology within public and private hospitals in NSW and more recently as a qualified solicitor. With her spectrum of life experience and rich and varied work history, she is bringing a strong regional customer voice to the brains trust.

How will we use your recommendations?

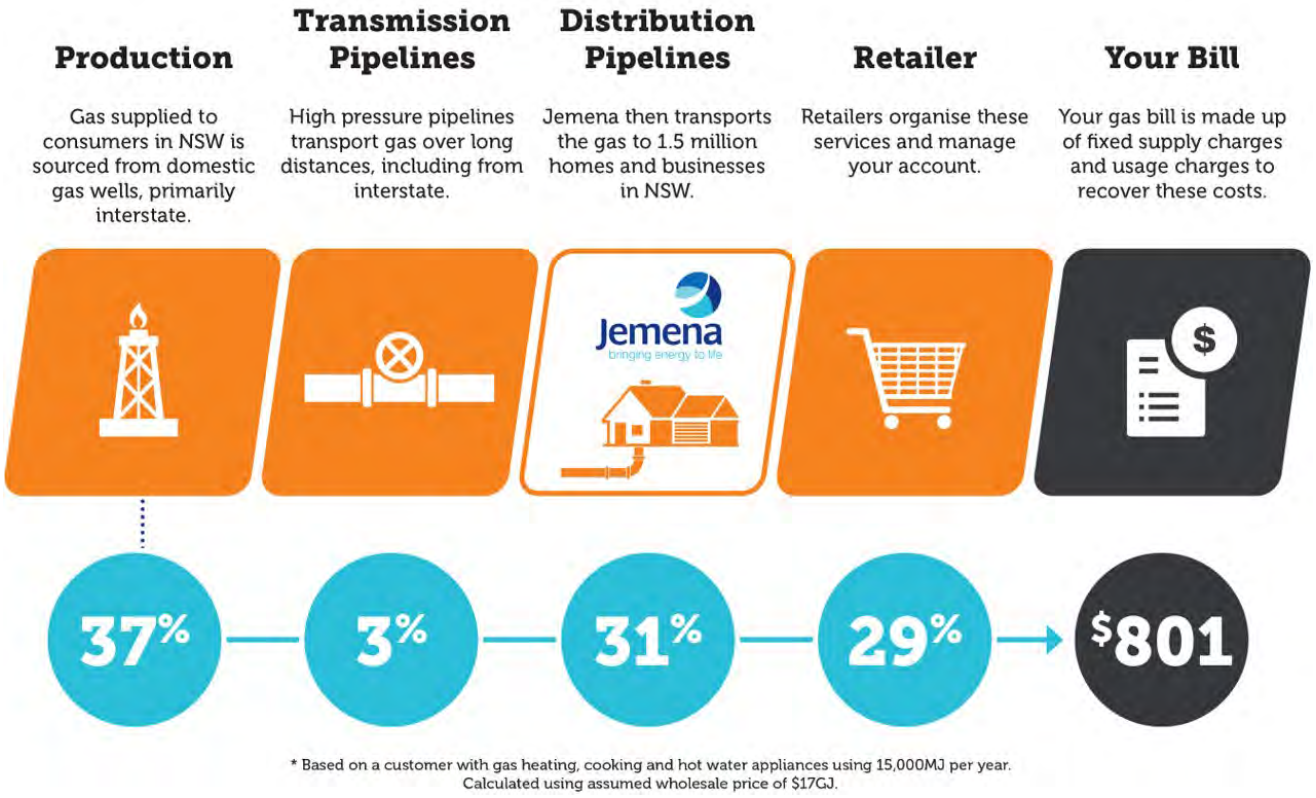
In August 2023, we will submit your recommendations to our regulator, the Australian Energy Regulator (AER), as they are currently reviewing gas pricing.

We will also include it in our five yearly regulatory price reset process, which is explained in more detail on the next page.

We will make ensure we share the outcomes of both submissions with you.

What is a regulatory reset?

Every five years, we must prepare a costed business plan for the review and approval of the Australian Energy Regulator (AER). We refer to it as a regulatory reset. The regulatory reset gives us direction on how much can be recovered from customers over a five-year period. While Jemena does not directly bill household customers, as this is the role of the Retailer, the distribution costs form a portion of your gas bill and this revenue is passed onto Jemena Gas Networks.



* Based on a customer with gas heating, cooking and hot water appliances using 15,000MJ per year. Calculated using assumed wholesale price of $17GJ.

As a gas distribution company, we make up approximately 31% of a typical household gas bill. What we charge, and the service we provide you, is reviewed every five years as part of a regulatory process which requires us to submit a plan to the national energy regulator.

Because we are a sole provider, our plan and process is highly regulated including what we can and can't charge our customers.

The regulators' review focuses on whether our plan is consistent with the rules and in the long-term interests of customers.

The level of service we need to provide influences how much we invest in the network, also helping us understand how you would like us to prepare for the future.

You can shape our thinking by helping us understand your gas pricing preferences. By better understanding the service levels required by you, and the community, we can plan for the future, and ensure you are accessing the services you want.

Your role in the Customer Forum is to work through what gas distribution pricing is in the best interests of customers.

Customer Forum – important information

Digital platform

Outside of the online and in person meetings, we will connect through Jemena's Your Network, Your Say digital engagement platform. We don't expect this to be a lot of work or investment of time, but we'll share extra information here in between sessions.

To access go to: yournetwork.jemena.com.au/login

Deliberative engagement

The Customer Forum is grounded in deliberative engagement – a process of considering an issue or question in depth as a group. Deliberative engagement puts the community affected by a decision at the heart of the decision-making process. The key characteristics of deliberation are:

- A randomly selected and representative group of people
- The group is provided with detailed information to understand the issue and options for resolution
- There is time allocated and support provided for the group to consider information and ideas, weigh up issues and options and agree on recommendations
- The recommendations provided are influential and are adopted to the maximum extent possible.

Video link...

Learn about deliberative engagement here (2:56 minutes)

youtube.com/watch?v=_8qB7pPf6Ec&t=113s

Your involvement

To maximise your input and role in this project, we've put together some principles of involvement for online, in person and digital engagement:

Be present. Find a quiet space to join the sessions for the time you have committed to and reduce distractions from family or roommates. You must join from a laptop, PC or tablet, and your camera and microphone should be on and working clearly.

Have your say. We have established a group that can represent Jemena's customer base. Your voice is important in the conversation, and your unique experience and insight is what we are here to hear.

Get curious. There are no silly questions. The point of this is to interrogate the subject matter, and critically question the scenarios and options available. Do not hesitate to ask.

Respect each other. While we support and encourage all views being shared, even opposing ones, we must draw the line at any behaviour that might cause others distress. Treat each other with respect and make space for other's diverse views otherwise we may have to ask you to leave.

Other important points to note:

Recording – we will be recording the online sessions. These will be used for ours and our consultants' purposes and record keeping. We may utilise images and stills from the recordings for posting online.

Posting to socials and talking to media – please feel free to speak from your point of view (not on behalf of the group or Jemena) about the process and discussions. We will also be posting about the process to our social media accounts and website.

Part 2

The Energy Transition

Australia has committed to net zero carbon emissions by 2050. Burning natural gas for energy produces carbon dioxide, so meeting this target means decarbonising gas, or as recent research* indicates, customers moving away from gas to electrification. The energy sector is already shifting away from producing and consuming non-renewable fossil fuels, like natural gas, and towards using low carbon, renewable energy sources, including solar power and renewable gas.

This is a complex and an ongoing process – it is often referred to as the energy transition and is characterised by uncertainty, market volatility, rapid change, and unpredictability.

At the heart of the transition is the net zero emission target by 2050, to curb global warming and limit the catastrophic and irreversible impacts of climate change.

The Paris Agreement

At the 21st Conference of Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015, almost all participating countries agreed – for the first time ever – to enter a legally binding and universal treaty strengthen the global response to climate change.

196 countries agreed to reduce global greenhouse gas emissions to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C and achieve net-zero emissions in the second half of this century.

Australia is party to the Paris Agreement and a requirement is to submit emissions reduction commitments. These were updated in 2022, committing Australia to reducing emissions to 43% below 2005 levels by 2030.

Learn more about The Paris Agreement
unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement

What's driving the energy transition?

People are driving the energy transition. Customer expectations are rising, with a higher awareness of climate change, and a growing opposition to carbon emitting energy sources. Technologically, we are seeing continuing advances in renewables, improvements in energy storage, and digitalisation of energy. In the environment, we are seeing frequent, intense weather events, and awareness of pollution levels and carbon footprints. There are political drivers as governments are needing to deliver on their COP21 commitments, alongside increasing regulation and efficiency standards as well as policy support for renewable energy.

What is the future of gas networks?

The role of gas networks has an uncertain future. As gas networks currently transport natural gas, a fossil fuel, the future is uncertain.

The future will depend on many factors such as consumer preferences, policy and regulation, technological developments and the economics of different options.

What is clear is that in any net-zero future, the status quo for gas networks cannot remain the same.

We believe that gas networks have a crucial role to play in tomorrow's energy system through a transition to renewable gases such as biomethane and green hydrogen.

Biomethane is a carbon neutral gas – it harnesses the energy potential from organic materials such as landfill gas, agricultural waste and wastewater.

Green hydrogen is produced using water and renewable electricity, through a process called electrolysis, meaning the entire process is free from carbon emissions.

We believe that renewable gases have the potential to:

1. Provide an alternative decarbonised source of energy with many of the natural gas characteristics such as instantaneous heat as well as the reliability and security of a dual source of energy.
2. Avoiding costly upgrades to the energy network and generation fleet providing a lower cost whole of system decarbonisation pathway.
3. Supporting the decarbonisation of other sectors such as transport or providing a role in supporting the electricity grid.

However, there are challenges and the renewable gas future is not guaranteed. As a result, many believe that gas networks will or should play a much smaller or even no role as homes and businesses electrify.

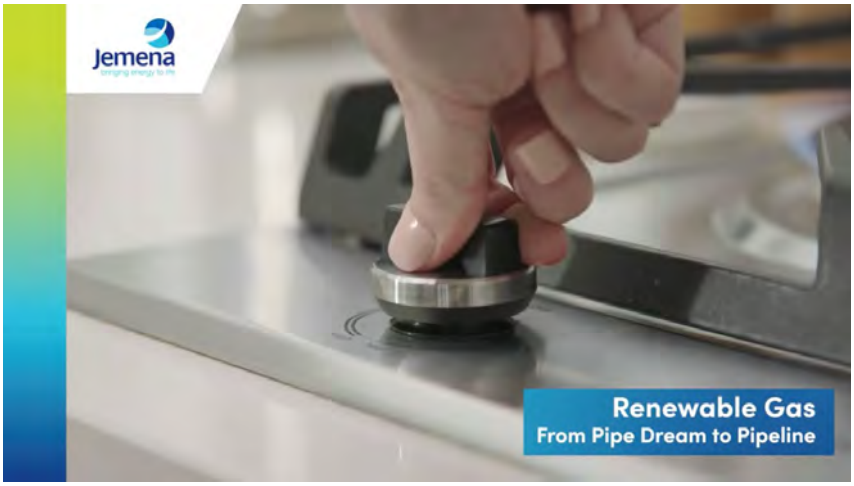
Examples include:

- The Australian Energy Market Operator. All of the 2050 net-zero scenarios used in its forecasting and planning publications assume that residential gas loads will be almost entirely electrified by 2050.
  See https://aemo.com.au/-/media/files/major-publications/isp/2022/2022-documents/2022-integrated-system-plan-isp.pdf and https://aemo.com.au/en/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo
- The ACT Government which advises customers to switch away from gas, see here: https://www.climatechoices.act.gov.au/energy/switching-from-gas
- Saul Griffith, an Australian-American inventor, who believes we should electrify everything. See here: youtube.com/watch?v=Qg-p4ZbQ1HU (video 3min 14 seconds)

Video link...

This video provides more information about what Jemena is doing to develop renewable gas alternatives
(3:26 minutes)

https://youtu.be/hOeFztDmgm4



Gas distribution pricing in more detail

Energy companies on the east coast of Australia, including NSW, are regulated by the Australian Energy Regulator (AER). They ensure that investments made by companies are prudent and efficient. The amounts charged to customers must be fair, and based on efficient investments.

Network tariffs for Jemena Gas Networks' core service (i.e. the transportation of gas) must be approved by the AER. These charges are included in customer bills, which are then issued by retailers. Jemena's portion is around 33-41% of your total gas bill.

There are two tools that influence how gas distribution is priced: these are called a price control, and a tariff.

Price control

Every five years, the AER sets the average price increase that Jemena is allowed to charge. What is important here, is that this method of 'price control' hasn't changed for some time now. The purpose of the current price control is to promote network connections and facilitate stable, low prices for customers.

The name of the price control is a 'weighted average price cap'. The regulator caps the average price increase at the start of every five years. The regulator also approves the forecast demand and customer numbers proposed by Jemena.

Generally, prices under a price cap have been relatively stable. This is because the price cap, in principle, encourages Jemena to grow the customer base (i.e. Jemena's fixed costs can be spread over more customers, resulting in lower costs per customer). However, given that the price cap facilitates network growth, there is the question about whether the price cap is still appropriate for the future. Given that there is the prospect of a declining customer base in the future, there is the risk that remaining customers on the network would end up paying more for the network costs.

Jemena also faces a risk that under certain scenarios with reduced customers, they would collect less revenue, and this means they wouldn't be able to cover the costs of running the network.

Tariff

Another element of the regulatory framework that influences network prices is the tariff structure. The tariff structure refers to the way a unit of gas (i.e. a gigajoule of gas) is priced, as more and more gas is consumed.

Currently, Jemena has a 'declining' block tariff structure. This means that, the more gas a customer consumes, the lower the unit price of gas. This does not mean that the more you consume, the lower you will pay. Customers who consume more gas will always pay more. And those who consume less gas will pay less. But for a customer who consumes a lot of gas, the last unit of gas consumed will cost less than the first unit of gas consumed. To a degree, this tariff structure encourages customers to consume larger volumes of gas.

This can benefit larger customers like industrial companies rather than smaller households who might be looking to be more conservative with their energy use.

The Australian Energy Regulator

In May 2023, the AER released an issues paper outlining the challenges facing gas networks, and explained how there is an uncertain future for the networks and their customers.

The future may present a shift in customer preferences and some customers may move wholly or partially away from gas. If this happens, it threatens to leave both assets (the infrastructure necessary to provide gas to customers home and businesses) and customers 'stranded' – locked into a network that fewer people use.

The AER is keen to ensure that neither customers nor networks are unfairly penalised while this situation becomes clearer. They've outlined a number of price controls and tariff options that they would like Jemena to ask its customers about.

The pricing measures are complex and relate, broadly speaking, to who bears the financial risk, how fair are the measures to customers and to Jemena, and how they can help create a certainty of gas supply into the future.

Through this upcoming engagement, customers have a chance to understand the role that tariffs play and have a say in how they would prefer to pay for gas distribution.

You can read more in the AER Issues Paper and on their website from this link.

Contact us

If you have any questions about the program please get in touch with Merryn Spencer, Engagement Lead, Jemena on 0401 021 560 or GasNetworks2050@jemena.com.au

Appendix C: Key Presentation Slides

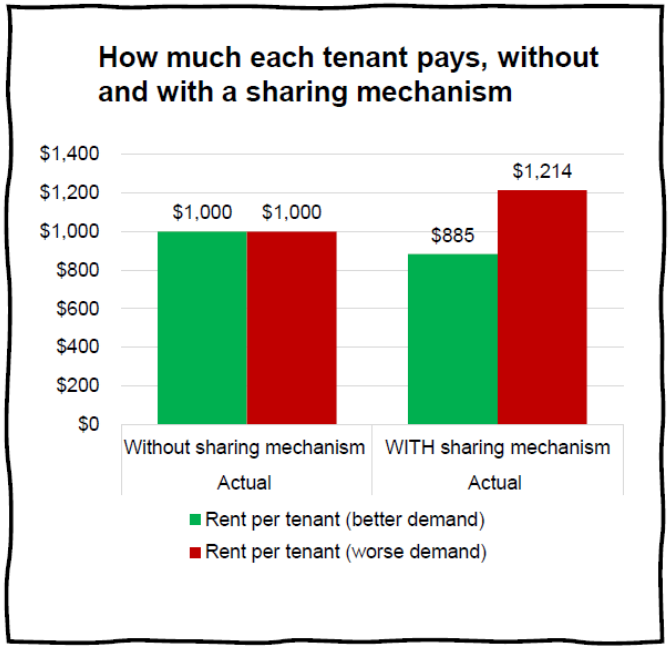
Hybrid tariff options – Stage 2

Option 1: A 50/50 risk sharing mechanism.

	Forecast	Actual Without sharing mechanism	Actual WITH sharing mechanism
Better than expected			
No. of tenants	**10**	**13**	**13**
Rent per tenant	**$1,000**	**$1,000**	**$885**
Total rent (how much the Landlord gets)	$10,000	$13,000 Landlord Better off by $3,000	$11,500
Worse than expected			
No. of tenants	**10**	**7**	**7**
Rent per tenant	**$1,000**	**$1,000**	**$1,214**
Total rent (how much the Landlord gets)	$10,000	$7,000 Landlord Worse off by $3,000	$8,500

The extra $3,000 is split 50/50 between the tenants and landlord.

The deficit of $3,000 is split 50/50 between the tenants and landlord.

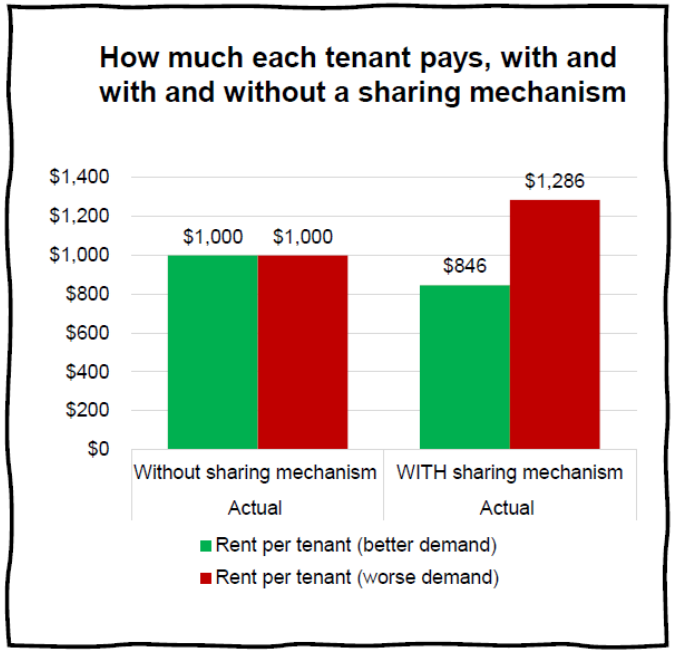


Option 2: A limited range sharing mechanism

	Forecast	Actual Without sharing mechanism	Actual WITH sharing mechanism
Better than expected			
No. of tenants	**10**	**13**	**13**
Total rent (how much the Landlord gets)	$10,000	$13,000	$11,000
Rent per tenant	**$1,000**	**$1,000**	**$846**
Worse than expected			
No. of tenants	**10**	**7**	**7**
Total rent (how much the Landlord gets)	$10,000	$7,000	$9,000
Rent per tenant	**$1,000**	**$1,000**	**$1,286**

The landlord gets upside from 1 tenant only. Tenants get all the benefit from the 2 extra tenants (e.g. in the range of 9-11 tenants)

The landlord gets downside from 1 customer only. Tenants bear downside from 2 less tenants (e.g. in the range of 9-11 tenants)

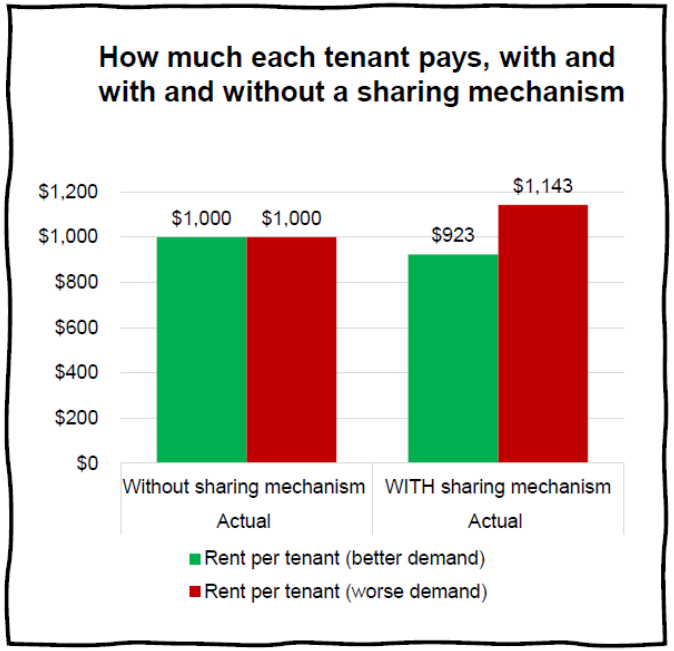


Option 3: A bounded sharing + 50/50 sharing mechanism

	Forecast	Actual Without sharing mechanism	Actual WITH sharing mechanism
Better than expected			
No. of tenants	**10**	**13**	**13**
Total rent (how much the Landlord gets)	$10,000	$13,000	$12,000
Rent per tenant	**$1,000**	**$1,000**	**$923**
Worse than expected			
No. of tenants	**10**	**7**	**7**
Total rent (how much the Landlord gets)	$10,000	$7,000	$8,000
Rent per tenant	**$1,000**	**$1,000**	**$1,143**

The landlord gets upside from 1 tenant only. The benefit from the 2 extra tenants (e.g. outside 9-11 tenants) is split 50/50

The landlord gets downside from 1 tenant only. The deficit is of 2 less (e.g. outside 9-11 tenants) customers is split 50/50



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Hybrid option sharing thresholds and ratios- Stage 3

Example scenario 1 – Residential customer bill impacts – 5% threshold with a 50:50 sharing ratio

Customer type		Annual consumption	Average annual network bill	Bill change $ (%)	Bill change $ (%)
				50/50 sharing ratio	
				5% outperformance	7% outperformance
	Cooking only	2 GJ	$117	-	-$0.96 (-0.8%)
	Small home (cooking and hot water)	7.5 GJ	$261	-	-$2.13 (-0.8%)
	Larger home (cooking and hot water)	15 GJ	$323	-	-$2.64 (-0.8%)
	All gas home (cooking, hot water and heating)	25 GJ	$399	-	-$3.25 (-0.8%)

Key takeaway: Customers are slightly better off under the 7% outperformance scenario.

Note: Distribution network component only (~35% of the total bill).

Example scenario 2 – Residential customer bill impacts – 3% threshold with a 50:50 sharing ratio

Customer type		Annual consumption	Average annual network bill	50/50 sharing ratio: Bill change $ (%) 5% outperformance	50/50 sharing ratio: Bill change $ (%) 7% outperformance
	Cooking only	2 GJ	$117	-$1.03 (-0.9%)	-$2.10 (-1.8%)
	Small home (cooking and hot water)	7.5 GJ	$261	-$2.30 (-0.9%)	-$4.70 (-1.8%)
	Larger home (cooking and hot water)	15 GJ	$323	-$2.84 (-0.9%)	-$5.81 (-1.8%)
	All gas home (cooking, hot water and heating)	25 GJ	$399	-$3.51 (-0.9%)	-$7.16 (-1.8%)

Key takeaway: Customers benefit under both outperformance scenarios.

Note: Distribution network component only (~35% of the total bill).

Example scenario 4 – Residential customer bill impacts – 5% threshold with a 60:40 sharing ratio

Customer type		Annual consumption	Average annual network bill	60/40 (customer/network) sharing: 5% outperformance – Bill change $ (%)	60/40 (customer/network) sharing: 7% outperformance – Bill change $ (%)
	Cooking only	2 GJ	$117	-	-$1.15 (-1.0%)
	Small home (cooking and hot water)	7.5 GJ	$261	-	-$2.56 (-1.0%)
	Larger home (cooking and hot water)	15 GJ	$323	-	-$3.17 (-1.0%)
	All gas home (cooking, hot water and heating)	25 GJ	$399	-	-$3.91 (-1.0%)

Key takeaway: Customers are very slightly better off compared with the 50/50 sharing ratio option, because they are bearing more risk.

Note: Distribution network component only (~35% of the total bill).

Example scenario 5 – Residential customer bill impacts – 5% threshold with a 40:60 sharing ratio

Customer type		Annual consumption	Average annual network bill	40/60 (customer/network) sharing: 5% outperformance — Bill change $ (%)	40/60 (customer/network) sharing: 7% outperformance — Bill change $ (%)
	Cooking only	2 GJ	$117	-	-$0.76 (-0.7%)
	Small home (cooking and hot water)	7.5 GJ	$261	-	-$1.71 (-0.7%)
	Larger home (cooking and hot water)	15 GJ	$323	-	-$2.11 (-0.7%)
	All gas home (cooking, hot water and heating)	25 GJ	$399	-	-$2.60 (-0.7%)

Key takeaway: Customers still benefit but slightly less than the 60/40 option, because customers are now bearing less risk.

Note: Distribution network component only (~35% of the total bill).

Example scenario 6 – Residential customer bill impacts – 3% threshold with a 40:60 sharing ratio

Customer type		Annual consumption	Average annual network bill	40/60 (customer/network) sharing: 5% outperformance Bill change $ (%)	40/60 (customer/network) sharing: 7% outperformance Bill change $ (%)
	Cooking only	2 GJ	$117	-$0.82 (-0.7%)	-$1.68 (-1.4%)
	Small home (cooking and hot water)	7.5 GJ	$261	-$1.84 (-0.7%)	-$3.75 (-1.4%)
	Larger home (cooking and hot water)	15 GJ	$323	-$2.27 (-0.7%)	-$4.63 (-1.4%)
	All gas home (cooking, hot water and heating)	25 GJ	$399	-$2.80 (-0.7%)	-$5.72 (-1.4%)

Key takeaway: Customers again benefit under both outperformance scenarios, but slightly less than under the 60/40 sharing ratio option.

Note: Distribution network component only (~35% of the total bill).

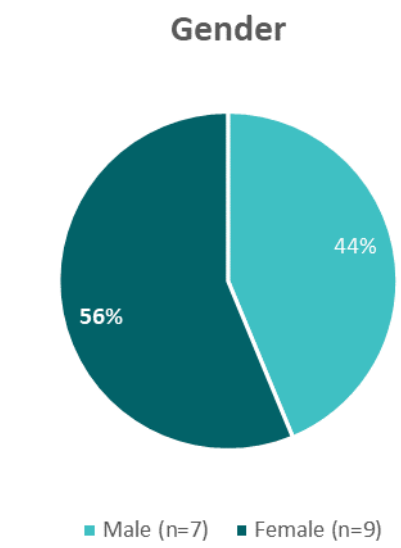
Example scenario 7 – Residential customer bill impacts – 3% threshold with a 60:40 sharing ratio

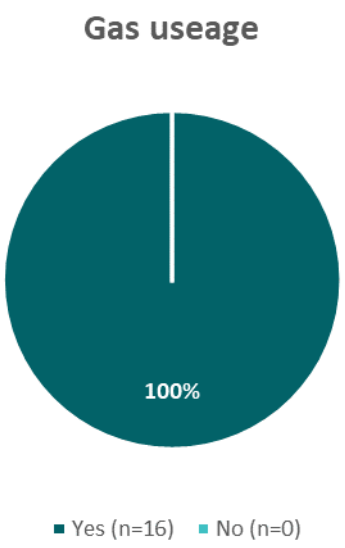
Customer type		Annual consumption	Average annual network bill	60/40 (customer/network) sharing: Bill change $ (%) – 5% underperformance	60/40 (customer/network) sharing: Bill change $ (%) – 7% underperformance
	Cooking only	2 GJ	$117	$1.24 (1.1%)	$2.53 (2.2%)
	Small home (cooking and hot water)	7.5 GJ	$261	$2.77 (1.1%)	$5.65 (2.2%)
	Larger home (cooking and hot water)	15 GJ	$323	$3.42 (1.1%)	$6.98 (2.2%)
	All gas home (cooking, hot water and heating)	25 GJ	$399	$4.22 (1.1%)	$8.62 (2.2%)

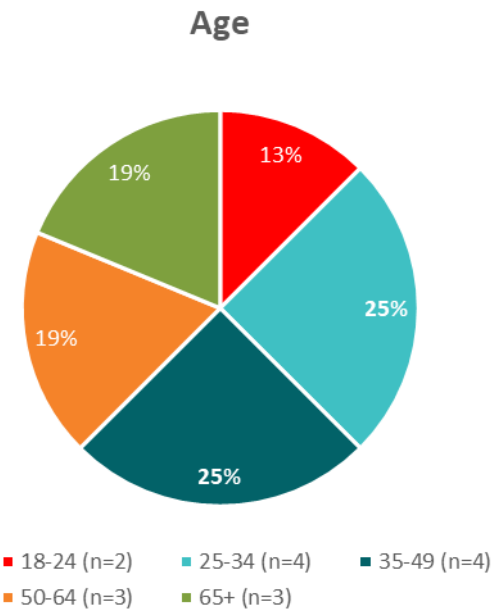
Key takeaway: This is the worst outcome for customers when actual volumes are lower than expected, i.e. underperformance, as bills will increase.

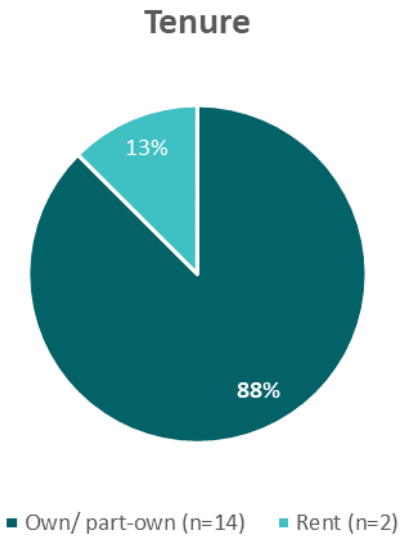
Note: Distribution network component only (~35% of the total bill).

Appendix D: Workshop 3 Customer Forum demographics

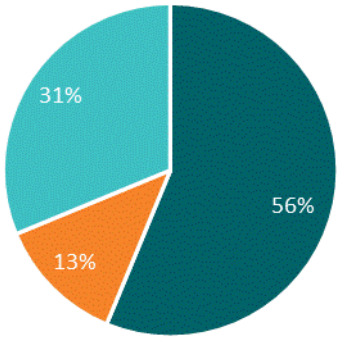






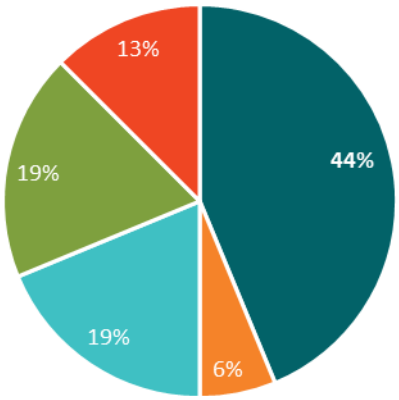


Dwelling type



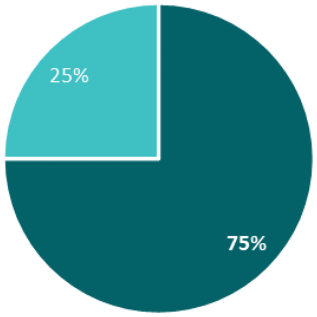
- Detached or semi-detached house (n=9)
- Villa, Terrace or townhouse (n=2)
- Apartment or unit (n=5)
- Other (specify) (n=0)

Geography



- Greater Sydney (n=7)
- Hunter/ Central Coast (n=1)
- Illawarra (n=3)
- Regional 1 (Goulburn, Bathurst, Yass, Cowra) (n=3)
- Regional 2 (Griffith, Forbes, Dubbo) (n=2)

Primary language(s) spoken at home



- English only (n=11)
- Language(s) other than English (n=4)

Appendix E: Participant feedback results

Overview for Stage 1 and 2

All 16 Stage 2 participants anonymously submitted responses to a feedback survey issued on 7 December 2023.

The survey contained five qualitative open-ended questions; five quantitative rating style questions and two multiple-choice questions. Overall, community participants responded positively to the feedback survey and were satisfied with many aspects of the Stage 2 engagement process.

"Excellent organisation by Jemena. I realise it is not an easy task to facilitate these sessions and make the business open to critique and scrutiny. Thank you for valuing customer feedback and for including me in these sessions. I looked forward to each one and I hope Jemena received some customer input they can work with."

"The communication was great this time. We got chance to speak and put my queries. I would expect something like this for future project as well. The team was really amazing, and they were very helpful. Truly appreciate!"

Fifteen of the 16 Stage 2 participants were interested in participating in future engagement activities.

Communications

Participants were overwhelmingly satisfied with workshop communication. Only workshop timing and the online platform gave a few participants a neutral or less than satisfactory rating (see Figure 2).

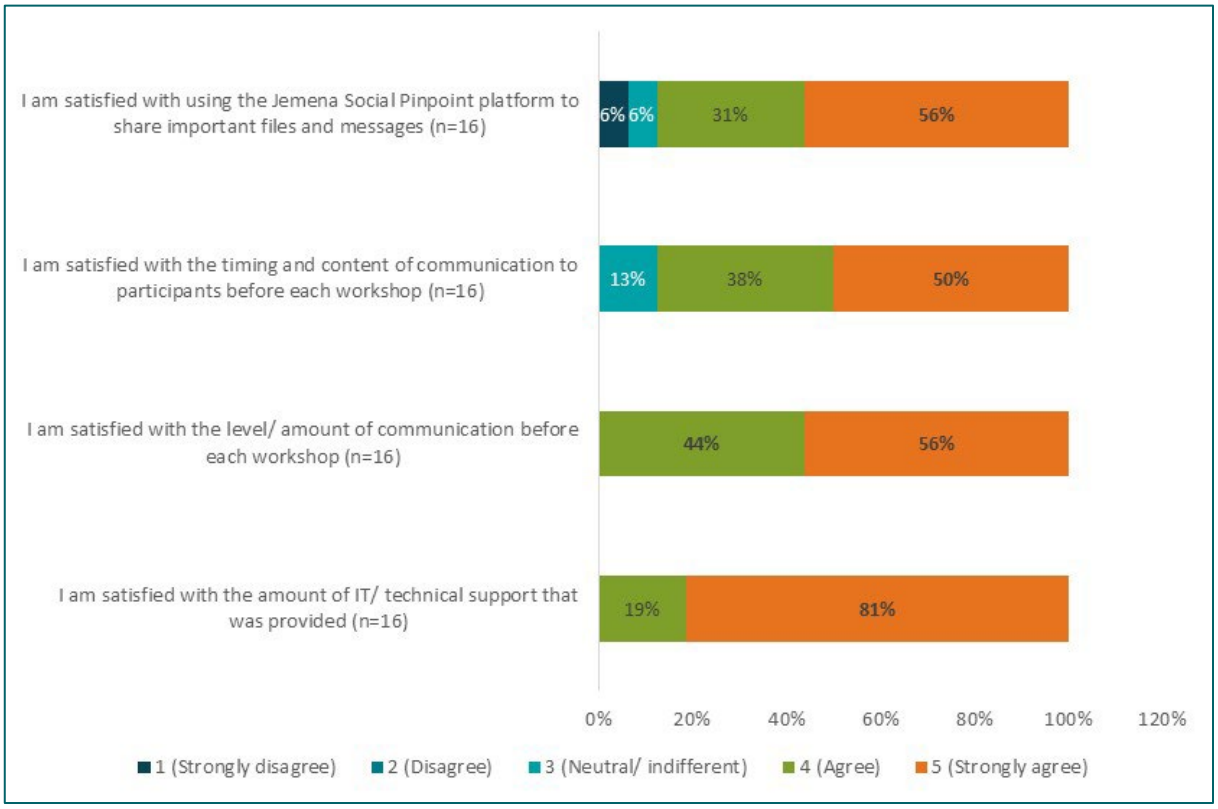


Figure 2 Participant satisfaction with communication.

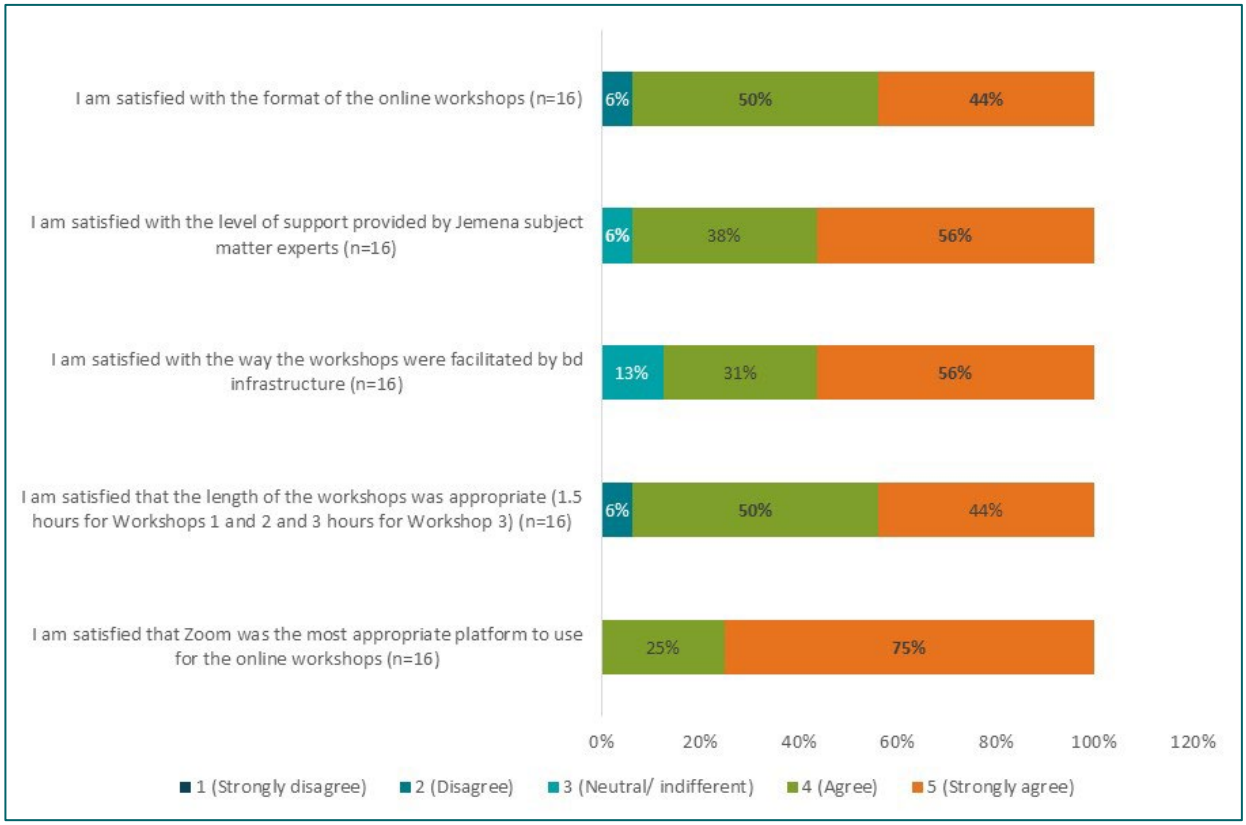
Participants were asked for suggestions on how communication could be improved for future online workshops. A total of 14 comments were received, 8 of which praised the process as shown in the table below:

Theme	Comment
General praise	
General praise	• *I think the process was done great.* • *N/A Communication was ideal, no improvements required.*
Response to queries	• *The communication was great this time. We got chance to speak and put my queries. I would expect something like this for future project as well. The team was really amazing, and they were very helpful. Truly appreciate!*
Social pinpoint engagement platform	• *I found the communication with the team very good, and the use of the Social Pinpoint worked well, both on tablet and MacBook laptop.*
Clarity and quality of communications	• *I found the process very efficient, and the communication was very effective and clear!* • *I believe you communicated very effectively and produced great professional*
Improvements	
Face to face	• *We could…in the next stage meet in person… the body language can make a difference*
Timing of workshops	• *The Zoom calls could have been a little later. 5pm start was a struggle.*
Convenience of preparatory calls and emails	• *Being able to take unscheduled phone calls during the day may not always be possible.* • *It will be more helpful if there is a quick email to let me know that I finished the required writing task online in time or if there is further information needed from me for the task.*
Timeliness of homework and post-workshop feedback	• *The homework questions were a bit delayed being sent out, I had planned to complete them on my days off on Monday and Tuesday, but they came out Wednesday I think.* • *Faster feedback after sessions. More concise directions. Wider background information available (perhaps in dedicated section of your website.*

Design and delivery of workshops

Again, participants were very satisfied with workshop design and delivery, though elements of workshop timing format, facilitation and support received a neutral or less than satisfactory rating (see Figure 3).

Figure 3 Participant satisfaction with workshop design and delivery.



Effectiveness of engagement

Participants were also satisfied with the effectiveness of engagement, though a degree of neutrality or dissatisfaction came through in response to all questions. This was most seen in response to the statement about trusting Jemena more than before, where three people were neutral about, or disagreed with, the statement (see Figure 4).

Participant satisfaction with engagement effectiveness.

Fourteen comments were received about what participants liked most and least about the process.

Theme	Verbatim
What participants liked most	
Workshop design	• *Small breakup groups were good.* • *The team provided useful and relevant prereading before each workshop, which was helpful.* • *The support and communication before and after each workshop. Special mention out to Ken for his support via emails and phone calls when necessary. Whole process by all staff was excellent.* • *Great group of participants, that were extremely well supported by BD & Jemena. I learnt a lot about the gas space, shared a lot about this space and greatly enjoyed the experience.*

Opportunity to learn and build on Stage 1	• *I think I got a lot of information and insights about the usage and charges and what are the ways should be develop in future to make the client happy and comfortable.* • *How much more knowledgeable I am about gas, supply, charges and tariffs.* • *Being able to debate with the increased knowledge developed during Stage 1.*
Homework / written tasks	• *The structured homework provided a better framework for understanding other participants views and gave me a wider perspective. It contributed to better focus in the following session.* • *There are a mix of tasks to do as writing and during zoom meetings online, through which I think that my opinion will influence the decision making.*
Jemena's approach	• *I feel like Jemena is really trying to make a change for the better.* • *I liked that my ideas may or may not be implemented.* • *Jemena genuinely taking on our feedback and responding to our concerns.*
What participants liked least	
Zoom breakout groups	• *I didn't like the way the breakout rooms were structured.* • *Breakouts were too short. I also prefer in person to zoom.*

Theme	Verbatim
Stipend amount	• *I reckon the time invested across the project does not much justify the reimbursement.* • *The pay for the zooms where a little low compared to last time.*
Complex information	• *I found the initial workshops rather bewildering but as I learned more about the topic I felt more comfortable.* • *Some of the tariff language and prices was a little confusing but very manageable.*
Dominance of some participants	• *It will be better if we hear everyone expressing their opinions during the zoom meetings or for the tasks in writing.* • *When other participants rambled a bit and took up time.*
Dominance of Brains Trust	• *I felt the external subject matter experts, wanted to dominate question time with their opinions rather than let the group pose questions to them.*
Workshop timing	• *The timing of the final workshop – 3 hours starting at 5pm without a significant break was a bit of a challenge. Finishing work at the same time as the workshop started was OK, but meals for our family were a challenge.*
Limited scope	• *It felt as if some of the options developed for us were limited in scope.*
No bad points	• *Nothing it was all appropriate.* • *I liked everything.*

Final comments

Theme	Verbatim
What participants liked most	
General praise	• *Excellent organisation by Jemena. I realise it is not an easy task to facilitate these sessions and make the business open to critique and scrutiny. Thank you for valuing customer feedback and for including me in these sessions. I looked forward to each one and I hope Jemena received some customer input they can work with.* • *A great process, both groups should be highly commended, esp. the facilitators, Andre (who professionally answered some tuff [(sic.)] questions) and Ken for amazing support.* • *Thank you for letting me be a part of this project. I truly believe that Jemena is trying to make changes for the better. Thank-you for supporting the community.* • *I am interested in what will happen in the next stage of consultation and I want to find out if I can still make some valuable contribution.* • *Thank you for listening to your consumers and to try make beneficial changes.*

Theme	Verbatim
Suggestions and improvements	• *Text messages can be sent out as a reminder.* • *Changing the voting platform a day before the workshop 3 was inconvenient. And enough time was not allowed to think and jot down my thoughts while using Group Map*

General Feedback for Stage 3

At the end of phase 3, three questions were asked to gauge satisfaction with how the workshops were run, ongoing communication between workshops, and support throughout the process.

- How satisfised were you with how the workshops were run?
- How was the ongoing communication between workshops?
- Did you feel supported throughout the process?

Five out of 12 participants responded to the questions. They indicated satisfaction with how the workshops were run. They suggested that the communication was excellent, with prompt responses and ample resources provided. Suggestions for improvement included text reminders. Participants felt well-supported, with technical support and out-of-session discussions offered. Two participants expressed interest in continuing sessions and future stages. Recognition of growth in understanding the gas industry amongst the participants was noted. Verbatim responses in table below.

Questions	Verbatim comments
How satisfied were you with how the workshops were run?	• *VERY SATISFIED* • *Very - no complaints* • *It was run very professionally* • *Overall, it was conducted in a professional manner and got some insights from Jemma and good short sessions.* • *I was extremely satisfied with how the workshops were run. They were very professionally executed with a hit of humor and fun, which was necessary to lighten a difficult and complex task. This was a credit to all of the BD and Jemena staff as well as the participants all of whom adhered to the groups developed session rules. In short we 'the group' achieved an outcome with this complex topic and task. This is the proof of the great job done by BD & Jemena. The growth in the participants from being understandably quite uninformed about the gas space and being very inwardly focused ie how the gas process effected them personally and forget the bigger picture to becoming knowledgeable and having a wider focus understanding there were issues greater than their own, and, Although outside our scope, from my eyes there are considerable constraints on Jemena due to a raft of legislative hurdles and roadblocks which from my perspective are sheer madness and add unnecessarily to the costs of gas!! Eg Limiting gas exports would dramatically reduce the price of gas to consumers as well as keeping gas onshore where at least there is pressure make gas more environmentally friendly, or why gas is treated differently to Water. Water like Jemena supply the 'pipes' yet Water has the clear advantage and inherent cost savings of being the retailer as well. Gas retailers basically have no capital infra structure yet take a slice of the gas bill approximately equal to Jemena's slice !!! To quote someone...Please explain!!! Maybe a future session could be to draft a Jemena/consumer submission to facilitate legislative change in the Gas space!!! Im in!!!*
How was the ongoing communication between workshops?	• *EXCELLENT* • *Good - no issues* • *most enjoyable experience* • *It was good but a suggestion, a text reminder can be very handy.* • *The communication between workshops was simply perfect. Questions we raised were answered promptly and there was a huge effort to ensure the participants were given guidance to suit our various levels on interest, experience and tec ability. We were provided with more than ample resources to enable us to make informed decisions as well as gain a greater understanding of the gas space.*

Questions	Verbatim comments
Did you feel supported throughout the process?	• *YES* • *Yes* • *Yes, it was very comfortable and would love to be part of the next stage if any.* • *Felt connected and supported through the whole process* • *The support we received was sensational!!! Tec support, reminders, preparedness to hold out of sessions discussions, provision of information re specific areas of interest etc.....simply a WOW factor!! In short, I believe all participants would have liked the sessions to continue and personally I hope there is such an opportunity in the future. It was tough, interesting, frustrating, fun, a learning experience and I believe 'potentially we did good' for the wider community.*

Appendix F: Participant feedback survey

Stage 1-2 feedback

Welcome

Thank you for participating in the Jemena Tariffs Stage 2 online engagement process between August and December 2023!

We trust that you enjoyed the experience and would appreciate you taking up to **5 minutes** to provide feedback and suggestions on the process and potential improvements for future online engagements.

The survey is hosted on bd infrastructure's Survey Monkey account, and all your feedback will be de-identified.

Please complete the survey by 5pm AEST on Wednesday 13 December 2023.

Communication with participants

If you have any questions, please email Engagement@bdinfrastructure.com.

To what extent were you satisfied with the following aspects of communication provided by bd infrastructure before and after the three workshops?

Question	Very unsatisfied (1)	Unsatisfied (2)	Neutral/ indifferent (3)	Satisfied (4)	Very satisfied (5)
I am satisfied with the amount of IT/ technical support that was provided.					
I am satisfied with the level/ amount of communication before each workshop.					
I am satisfied with the timing and content of communication to participants before each workshop.					
I am satisfied with using the Jemena Social Pinpoint platform to share important files and messages.					

How could our communication with participants be improved for future online workshops?

(Open text – limit 150 characters)

Design and delivery of the online workshops

On a scale of 1 to 5, where 1 is 'Strongly disagree' and 5 is 'Strongly agree' to what extent do you agree or disagree with the following statements?

Question	Strongly disagree (1)	Disagree (2)	Neutral/ indifferent (3)	Agree (4)	Strongly agree (5)
I am satisfied that Zoom was the most appropriate platform to use for the online workshops					
I am satisfied that the length of the workshops was appropriate (1.5 hours for Workshops 1 and 2 and 3 hours for Workshop 3).					
I am satisfied with the way the workshops were facilitated by bd infrastructure.					
I am satisfied with the level of support provided by Jemena subject matter experts.					
I am satisfied with the format of the online workshops.					

Question	Strongly disagree (1)	Disagree (2)	Neutral/ indifferent (3)	Agree (4)	Strongly agree (5)
I am satisfied that I was provided with sufficient opportunities to provide my feedback and insights (in both plenary sessions and breakout rooms).					
I am satisfied that my feedback was listened to by the workshop organisers.					
I am satisfied that participant feedback was considered in the design and planning of subsequent workshops.					
I am satisfied that Jemena will do what it can to act on the feedback and suggestions provided by community participants during the engagement process.					
I trust Jemena more than before.					
I am satisfied the workshops have been collaborative, genuine and worthwhile.					

Briefly, please describe what you MOST liked about participating in the Stage 2 engagement process?

(Open text response – 150 characters)

Briefly, please describe what you LEAST liked about participating in the Stage 2 engagement process?

(Open text response – 150 characters)

Online activities

To what extent do you agree or disagree with the following statements?

Question	Strongly disagree (1)	Disagree (2)	Neutral/ indifferent (3)	Agree (4)	Strongly agree (5)
I am satisfied that the Jemena Social Pinpoint platform was easy to use to complete the online activities.					
I am satisfied that I was given sufficient time and information to complete the online homework activities.					
I am satisfied that the gift card payment amounts ($75 per activity) were sufficient for the work required to complete the online activities.					

Do you have any other feedback specifically in relation to the online homework activities?

(Open text – 150 characters)

Interest in future engagement activities

- On a scale of 0 to 10, with 0 being 'Very unsatisfied' and 10 being 'Very satisfied' how satisfied overall were you with the Jemena Tariffs Stage 2 engagement process?
  - 0 to 10 answer options
- Would you be interested in participating in any future engagement activities organised by bd infrastructure and/or Jemena in February or March 2024? (Note that nothing has currently been planned or organised)
  - Yes
  - No
- (If yes to Q above) What is your preferred engagement method?
  - Online
  - Face to face
  - I don't mind.
- (If yes to first Q above) What is you preferred contact method? (Note that bd infrastructure already has your contact details)
  - Email
  - Phone call
  - Post
  - Other: (please describe)

Final comments

Do you have any final comments or questions about the way the engagement process was designed and delivered?

(Open text response – limit 150 characters)

Thank you!

Thank you again for participating in the Jemena Tariffs Stage 2 online engagement process and for providing your comments and feedback to this survey. We greatly appreciate your feedback!

If you have any further comments or questions, please email Engagement@bdinfrastructure.com.

Stage 3 emailed feedback response

Hi everyone,

Thanks again for participating in the Jemena Tariff Workshops!

I hope everyone has received their gift vouchers as a thanks for your time. Let me know if you have not received them!

Finally, to understand your experience during the last two workshops for Stage 3, we'd appreciate if could take a few moments time to answer a few questions? If you're okay, could you answer these three questions:

1. How satisfised were you with how the workshops were run?

2. How was the ongoing communication between workshops?

3. Did you feel supported throughout the process?

Remember, your responses are always treated confidentially and used will be used in aggregate form to report on the survey's findings.

Feel free to respond via email as simply or detailed as you'd like. If you have no additional feedback, there is no need to reply. We need this feedback by Sunday, the 19th at night, so I can analyse it Monday morning!

Please reach out if you have any questions at all.

Regards,

Bd infrastructure.