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Dear Kris,

I'm writing to you in my role as Chair for the Gas Networks 2050 Advisory Board, which formed the first stage of Jemena's engagement program that will inform its decision making for the 2025-2030 Access Arrangement proposals.

The Advisory Board consisted of 10 members including industry and customer representatives who provided diverse and balanced representation of Jemena's gas distribution service area for NSW.

The purpose of the Advisory Board was to collaborate with Jemena to explore the challenges of the uncertain future of gas networks in the context of an accelerating energy transition, and to identify from a longer list of possible response options, a shorter list of more relevant response options that Jemena will take to engagement with its customers.

These response options were assessed against the Advisory Board's Statement of Objectives and four plausible energy future scenarios. The assessment used modelling techniques to consider options over three time horizons, showing indicative impacts for each response option over the short term (2025-30), medium term (over 2030-40) and out to 2050. In assessing the response options, the Advisory Board considered the impacts against the following measurement objectives over the three time horizons:

- Impact to access and the provision of reliable and resilient services
- Stability, affordability and equity in prices
- Supporting a decarbonised energy supply
- Fair returns and risk sharing on investments made by consumers and Jemena.

From these assessments the Advisory Board recommended that the following response options be taken forward for engagement with customers:

- Adjusting approaches to asset management
- Supporting renewable gases
- Adjusting our connections approach by increasing capital contributions
- Addressing existing capital recovery by shortening asset lives of new assets and front-ending some depreciation on existing assets.

In reaching these recommendations, a sound and robust process was run to fulfil the purpose of the Advisory Board to identify response options and advise Jemena on how to engage with its customers on these options in its formal program of engagement.

Early in the process we emphasised the importance of authentic and transparent engagement and ensuring every voice in the room could be heard. To ensure the Advisory Board could act as a 'critical friend' to Jemena and achieve its expectations for effective engagement, the Advisory Board was supported with facilitation by KPMG throughout 10 sessions (including 7 main sessions and 3 opt-in sessions) across seven months from October 2022 to April 2023.

The Advisory Board, were pleased to note Jemena provided information in a timely and meaningful way supporting members to think critically, collaboratively and carefully about the response options and enabling them to make informed recommendations.

The process enabled members to think deeply and collaborate on the future of the gas networks and impacts on customers against the backdrop of energy developments on a national and global level. Discussion included developments in policies and technologies in response to global concerns associated to energy security, accelerating the transition to cleaner energy sources, consideration of what Jemena could do within its remit, while thinking about customer affordability and inter-generational equity.

Having a critical conversation about complex matters with the Advisory Board has been a personal career highlight, especially in the context of a pivot point in the energy transition which will have broader implications for the community and future regulatory reviews.

The approach of the Advisory Board to these critical conversations is another step forward in more sophisticated engagement of consumers in the energy sector and I hope will help inform future policy and regulatory reviews.

On behalf of the Advisory Board, I am pleased to present this letter of support for the Advisory Board Gas Networks 2050 process and acknowledge the valuable groundwork it has achieved to support consumer engagement in Jemena's 2025-2030 Access Arrangement.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'RSinclair'.

Rosemary Sinclair AM

Chairperson

Advisory Board

Gas Networks 2050