

Appendix 1.3

Evoenergy response to citizens' jury recommendations

Access arrangement information

ACT and Queanbeyan-Palerang gas network 2021–26

Submission to the Australian Energy Regulator

June 2020

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Foreword

At Evoenergy we are committed to working with the ACT Government and the community to achieve net zero carbon emissions by 2045.

As we work toward the 2045 target, we are investigating a range of network decarbonisation solutions that have the potential to provide our community with access to safe, sustainable, reliable and affordable energy.

This transition of our gas network is highly complex, encompassing major technical, social and operational issues. We know that the key to success is involving all stakeholders—customers, community, governments, and industry, as we analyse the long-term practicalities, costs, benefits and impacts of all transition options currently on the table. The formation of our citizens' jury is reflective of this and symbolic of our ongoing commitment to open dialogue with our customers and community.

The citizens' jury has been the centrepiece in a range of activities we have conducted over the past year to increase community involvement in the development of our plan for the gas network for the period 2021–26.

Twenty nine randomly selected jury members came together over two weekends to determine what consumers want and need from the gas network against the backdrop of the ACT Government's legislated target of net zero greenhouse gas emissions by 2045. The recommendations ultimately put forward were thorough and insightful and have helped us refine our focus for not only the 2021–26 plan but also for the longer-term future of the gas network.

This document contains Evoenergy's detailed response to the eight recommendations made by the citizens' jury. Five additional recommendations have been provided to the ACT Government for their consideration as they finalise their Sustainable Energy Policy for 2020–25.

I would again like to thank all jury members for their commitment and insights and for making this process so successful, creating a new benchmark for community engagement. We very much look forward to continuing our work with the community, ACT Government and industry through the next phase of planning.



John Knox

Chief Executive Officer

Our gas access arrangement submission

Every five years, we are required to propose to the Australian Energy Regulator how much we plan to spend operating, maintaining and investing in our gas network in the ACT and Queanbeyan-Palerang region of NSW, and how these costs should be recovered from gas network customers.

Our next regulatory period will begin on 1 July 2021 and our plan for 2021–26 will be submitted to the Australian Energy Regulator (AER) on 30 June 2020. The plan needs to be consistent with the National Gas Objective in the National Gas Law and it considers the long-term impacts to our customers with respect to price, quality, safety, reliability and security of supply.

In preparing our plan we engaged with the community and our gas customers through a range of activities to ensure our proposal is in the long-term interests of consumers and reflects what they expect and need from the gas network.



Evoenergy's 2019 citizens' jury participants.

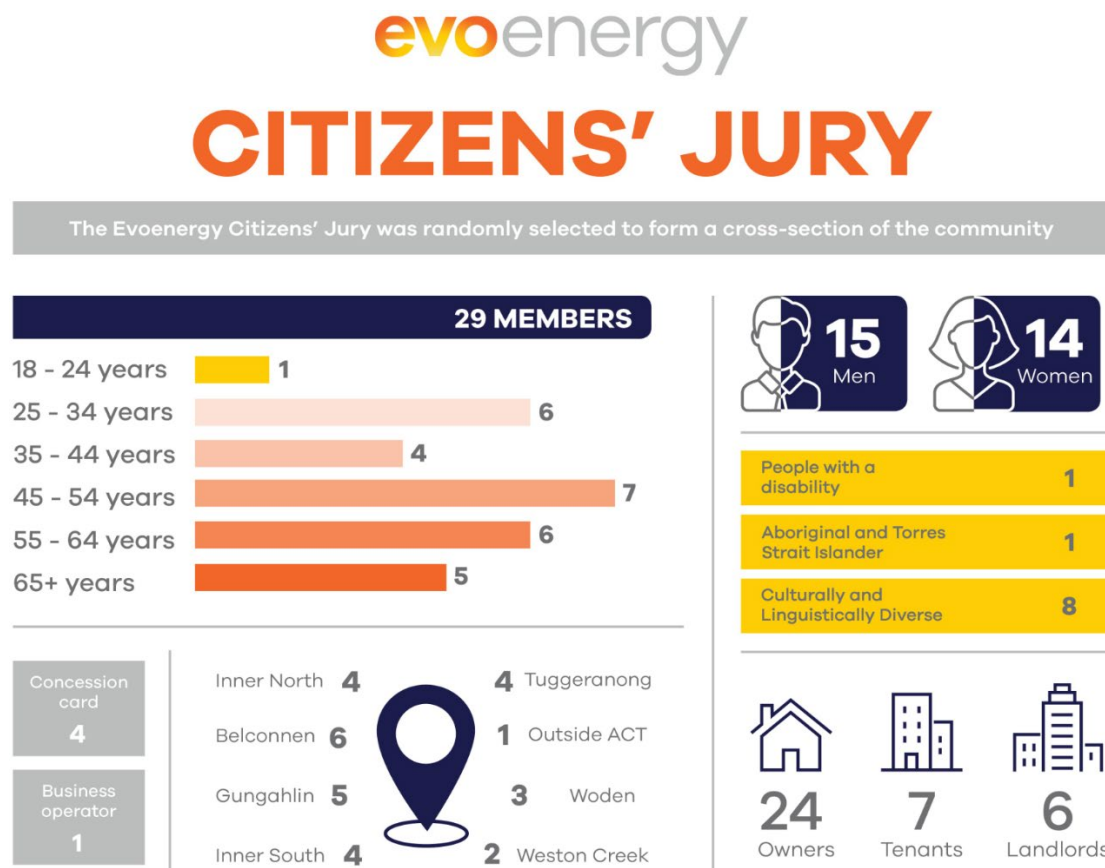
Citizens' jury

The citizens' jury was the centrepiece of our engagement program. It provided us with customer perspectives and expectations on the future of the gas network.

A citizens' jury is a form of deliberative community engagement, involving a group of citizens who are randomly selected and reflect the diversity of the community. They are given the time and support (from professional, independent facilitators) to work together to consider a wide range of information, hear from independent experts, and prepare recommendations.

In September 2019, over 24,000 invitations were distributed to customers and community groups across the ACT, Queanbeyan and Bungendore. After receiving over 120 expressions of interest an independent recruitment process established a final jury of twenty nine diverse participants.

The jury characteristics shown below illustrate the diversity of the participants, bringing together a broad representation of knowledge, background and experience.



The jury was given the following question to consider:

The ACT Government has legislated for net zero greenhouse gas emissions by 2045. Evoenergy is committed to transform the gas network to meet this target. As part of this transition, what are our consumers' expectations of the service provided to them?

During the process, citizens' jury members received presentations from a range of individuals and organisations to help them understand the local, national and international context relating to gas. The jurors received presentations from:

- the ACT Climate Change Council
- the ACT Council of Social Service
- the ACT Government
- the Australian National University
- the Conservation Council, ACT Region
- Energy Consumers Australia
- Evoenergy
- Jemena
- the St Vincent de Paul Society, and
- the World Energy Outlook.

Jurors also visited Evoenergy gas network sites including the Hydrogen Test Facility at the Canberra Institute of Technology campus in Fyshwick.

Working with skilled facilitators, jury members spent time in between presentations and site visits deliberating on the question put to them, to arrive at a collective decision on their recommendations to Evoenergy. The recommendations report was drafted as a group, drawing on debate and discussion from their time together.

Citizens' jury recommendations report

At the end of the citizens' jury, the jurors produced a report with eight recommendations for Evoenergy, five recommendations for the ACT Government, and three supplementary recommendations on which they did not reach agreement.

In addition to the recommendations for Evoenergy, the jurors also chose to make recommendations directed specifically to the ACT Government. Although the ACT Government did not convene the citizens' jury, the jurors felt that specific recommendations to it would be appropriate in the context of its legislated target to achieve net zero emissions by 2045.

Our response to the recommendations for Evoenergy is at page 8.

Excerpt from the Jury recommendations report

The citizens' jury commends Evoenergy for initiating a consultation process on how to transform its network to meet ACT Government legislative requirements. We appreciate the opportunity to contribute to the next regulatory process and the future direction of the ACT's energy market.

We recognise that what has been legislated in the ACT is unprecedented in Australia and indeed the world. We hope that Evoenergy's leadership on community engagement will be followed by others in the broader decarbonisation of the economy.

As a citizens' jury, we have found a great deal of agreement and support for the ACT Government's target of net zero greenhouse gas emissions by 2045. We are encouraged by Evoenergy's commitment to transform the gas network to meet this target.

Although the jury came together with limited prior knowledge, hearing from subject matter experts and site visits informed our deliberations. Whilst we haven't agreed on everything, we have achieved a high degree of consensus and have found the process very productive, informative and engaging.

Our expectations as consumers is that Evoenergy will meet or exceed the emissions reductions targets legislated by the territory government, actively campaign for an energy distribution system whose entire production and supply chain produces net zero or negative greenhouse gas emissions, and innovate in ways to frequently engage the community, the territory and federal governments, and the business community, for instance through processes like a citizen's jury.

We understand that Evoenergy is a young distribution network and, as such, we do not expect Evoenergy to be solely responsible for delivering all the solutions. Consequently, the jury has made additional recommendations for the ACT Government.

We would like Evoenergy to submit this report to the ACT Government as part of the consultation process of the climate change strategy.

Response to recommendations

Evoenergy has considered the citizens' jury recommendations as they relate to both Evoenergy's gas network regulatory proposal and our business planning.

We considered the recommendations along with the preamble to the citizens' jury recommendations report, which identified among other things that to date, there is uncertainty associated with which pathway should be adopted to meet the ACT Government's 2045 target. The three identified scenarios are:

- upgrade or adapt the gas network to an alternate energy source (such as renewable gas)
- decommission the gas network infrastructure, or
- maintain ghost infrastructure for the future.

Evoenergy acknowledges that determining the best transition path for the gas network requires further research and an understanding of emerging technology, transition cost and impact, community values, and the energy landscape across Australia and the world. We provide responses to the citizens' jury recommendations that reflect our current understanding and intentions.

It is clear from the recommendations that the way we work with the ACT Government and keep our customers and community engaged will be critical as we plan for the transition. We have acknowledged that we will need to increase our collaboration with the ACT Government to ensure a sound and efficient transition.

Evoenergy provides the following responses to the citizens' jury recommendations:



Evoenergy's response to the citizens' jury recommendations

Our responses address each recommendation made to Evoenergy. For each recommendation we have indicated our position (support, support in principle, or not supported), and provided supplementary information detailing our activities in relation to the recommendation.

Recommendation 1:

We expect that Evoenergy will work proactively and collaboratively to invest in and pursue funding opportunities for its role to become a research partner, including but not limited to working with partners such as ActewAGL, ACT Government, Icon Water and research institutions to explore new/better options, and consider new models for integrating waste management emissions into the gas network.

Our response—support in principle

We believe it is important to remain connected to research and innovation in the academic and energy sectors to ensure our approach to operating, maintaining, and building the gas network is informed by current and innovative methods.

Over the next five years, we will continue our collaboration with the ACT Government and the community to ensure that the emerging policies capitalise on opportunities for network development and modernisation, and provide the most cost effective, low-impact pathway to achieve zero net greenhouse gas emissions by 2045.

As a regulated energy distributor, Evoenergy cannot participate in energy production or retailing activities. Whilst this limits our ability to directly invest in certain types of research, there are ways that we can and will continue to contribute, for example:

- Continue investing in research and testing at the Hydrogen Test Facility at Canberra Institute of Technology Fyshwick, to understand its potential application and impact on existing materials, equipment and work practices.
- Continue research into the use of biogas and its potential commercial participation in our network, including collaborating with industry partners and developers to optimise waste-to-energy integration.
- Continue working with the Australian National University on research projects, including the recent Evoenergy Vacation Program which enabled third and fourth year students to undertake research across subjects such as 'optimal suburb infrastructure to enable a renewable energy future'.
- Increase collaboration with the ACT Government, industry, community and other stakeholders to determine how to reduce greenhouse gas emissions at the lowest possible cost and impact.

We will continue to work on our existing investments, contribute to in-kind research and seek other relevant opportunities. Where we can, we will work with project proponents to ensure there are no impediments to using renewable gas in the network or to explore the impact and cost of additional electricity infrastructure.

Recommendation 2 & 3:

Recommendation 2: Evoenergy and the ACT Government will jointly collaborate with other stakeholders to develop a communication plan to inform the ACT and NSW consumers about the transition.

Recommendation 3: Evoenergy to develop a communications plan which will provide comprehensive and timely information to the community using a variety of methods over the lifetime of the transition, including, but not limited to:

- a reliable, constant reasonably affordable/cheap, environmentally friendly source of power
- maintain choice—not trapped by limited options (not ACT only)
- ensure information about required appliances is readily available and retrofitting is straight forward
- meeting peak flow needs
- protection of vulnerable customers
- impact on property values and availability of rental housing stock
- impact on strata is understood as is the ability and barriers to transition
- responsible management of community assets, and
- benefits to consumers.

Our response—support in principle

We support these recommendations in principle and will provide more information about our roadmap to achieve net zero greenhouse gas emissions by 2045. However, we acknowledge that providing holistic, meaningful and timely information about the energy transition relies on collaboration across the energy industry and government, it is not something we can achieve alone.

While we assess potential pathways to transition the gas network and develop our roadmap we will:

- communicate information about network performance and innovation
- engage with the community on the outcomes of our research and testing, and
- continue to seek feedback from the community on our network planning.

We will also work with other organisations who are better placed to provide relevant information to customers. For example, communicating the impact on property values and availability of rental housing stock is outside Evoenergy's scope, but we will continue to work with stakeholders, such as the ACT Property Council, as part of our Energy Consumer Reference Council to keep them up to date and provide information that may assist their and their members' understanding of potential impacts.

The ACT Government has announced that a transition plan for the gas network will be developed by 2024. The plan will provide us with the platform to communicate more clearly and consistently about the transition.

Recommendation 4:

Evoenergy to advocate strongly to the ACT Government to cooperate with other jurisdictions, with a view to creating an emissions offset market for gas similar to that in operation for electricity. This recognises that climate change requires a national perspective.

Our response—support in principle

We agree with the citizens' jury that climate change requires a national perspective and see the benefits of a cross-jurisdictional emissions offset market for gas.

We have observed the success of the offset market in the electricity sector enabled by the federal government's Renewable Energy Target and believe that with support from renewable gas generators and demand from consumers, a similar market mechanism could be equally successful the gas market.

Where possible, Evoenergy will provide support to the ACT Government and industry partners to enable an emissions offset market for gas.

Recommendation 5:

Evoenergy, in consultation with relevant parties (including Government, retailers and consumers), to develop consumer-centred policy to protect consumers from unexpected transition issues; consumers being stranded if critical mass exodus occurs. The purpose of this recommendation is to give consumers certainty.

Our response—support in principle

Our customers are the heart of everything we do, and we want to ensure that our network charges protect customers from any unexpected transition issues, such as through accelerated depreciation of our assets.

However, developing a customer-centred policy to support the gas network transition requires consideration of end-to-end customer impacts which should be led by the national energy laws, Federal Government, ACT Government and energy retailers.

The challenge of decarbonising our gas network is an extremely complex one. Achieving net zero greenhouse gas emissions by 2045 while providing affordable energy to customers that is safe and reliable is a multifaceted issue encompassing complex strategic, technical, social and operational considerations.

As we work to achieve net zero greenhouse gas emissions we will collaborate to:

- choose a pathway that ensures customers continue to have certainty in safe, secure, reliable and affordable energy
- investigate options like renewable gas and consider the complementary roles that the gas and electricity networks can play, and
- address the growing pressure the electricity network is under from the increasing uptake of distributed energy resources like solar photovoltaics, batteries and zero emissions vehicles.

Overall, greenhouse gas mitigation is a global issue. While local action and will are required, a national (or even international) approach needs to be agreed in the medium term to cope with the expected complexity and scale of transition effects.

Recommendation 6:

A full cost benefit analysis for each option (full electrification or continuation of the gas network) be considered reflecting the community cost drivers, including but not limited to infrastructure cost (new and retiring), household refit costs, and social and environmental benefits.

Our response—support in principle

We support this recommendation in principle and acknowledge that the costs of achieving the net zero emissions target will be a key consideration in determining a future pathway. However, a full cost-benefit analysis requires collaboration with the ACT Government and industry.

We commit to work with the ACT Government and industry to contribute our data, information and insights to assist in the development of this analysis. As mentioned in our draft plan, in the short-term, we have focussed on minimising costs so that our draft plan delivers stable prices across 2021–26 access arrangement period.

Recommendation 7:

In the context of either decommissioning or alternative uses of the network, Evoenergy to negotiate with ACT Government to arrive at a fair and equitable outcome for the ACT and NSW community.

Our response—not supported

While we support a fair and equitable outcome for gas consumers, our regulatory framework under the National Gas Law limits our scope to providing distribution network services to energy retailers and large users of the network. This means we are unable to support this recommendation.

We will continue to advocate consumer needs by providing the ACT Government with the information we collect through our consumer engagement about what our gas consumers want and need from the gas network. We will also do what we can to support gas consumers outside the ACT, and urge the ACT Government, NSW Government and the Queanbeyan-Palerang Regional Council to consider how the ACT Government's Climate Change strategy may affect those communities.

Recommendation 8:

Part A: Continue to maintain infrastructure and value of infrastructure.

Our response—support

We have split our response to recommendation 8 into two parts.

Part A relates to our intention to maintain our infrastructure and the value of our infrastructure through the next regulatory period.

Evoenergy supports this first part of the recommendation to maintain our infrastructure and the value of our infrastructure through the next regulatory period, in line with our Gas Customer Charter.

This is reflected in our GN21 draft plan and our expenditure forecasts reflect a program designed to ensure that we will be able to maintain the safety and reliability of gas supply. Over the 2021–26 period we will minimise capital investment on network expansion and development while we continue to progress the transition roadmap.

Depending on which transition pathway is adopted, Evoenergy will consider the value of investment in infrastructure, taking into account the impacts on customer bills.

Recommendation 8:

Part B: make a decision on the future of the gas network at the end of the 2021–26 regulatory period to provide direction to consumers and the energy market.

Our response—support in principle

We have split our response to recommendation 8 into two parts.

Part B of recommendation 8 relates to deciding on the future of the gas network at the end of the 2021–26 regulatory period.

Evoenergy supports this recommendation in principle and recognises the importance of ensuring a transition pathway is chosen and communicated to provide clarity and certainty for our customers.

We also know that the complexity and dynamic nature of future energy policy/trends will continue to provide a challenging environment that influences our decision-making and planning. It is likely this will be an iterative process requiring adaptation and ongoing evaluation and revaluation rather than the implementation of a single plan.

We commit to continuing to communicate our progress through the 2021–26 regulatory period.

Supplementary recommendations

There were three recommendations presented as part of the citizens' jury recommendations report that did not reach consensus amongst jurors. Whilst Evoenergy acknowledges that these recommendations were not agreed to by all attendees, we would like to provide the following responses and supporting commentary.

Supplementary recommendation 1:

The ACT Government to convene an independent Technical Advisory Panel that considers:

- cost benefit analysis of options (including full electrification, or options for using the gas network)
- consider future technologies
- consider the world's best practice and identify technologies applicable to the ACT and implementing the most appropriate
- providing clean energy during winter peak, and
- reporting from the technical panel should be released to public for consultation.

The jury did not reach consensus on:

- whether this should have been a recommendation to Evoenergy
- whether this should have been referred to as an Expert Advisory Panel
- who was making decisions based on the findings, and
- who would bear the cost.

Our response—noted

We acknowledge that this recommendation was not agreed by all jurors, however we welcome the creation of an independent panel to support the development of the ACT Government's gas network transition plan, and offer our expertise in its formation.

We recognise that as we transition we will need to consider cost impact, the use of new technology, how we can optimise our energy system and ensure the community is part of our decision making. We cannot consider these things in isolation and collaboration will be essential.

We're excited about the future of the energy sector in the ACT and we're looking forward to working with the ACT Government, industry, stakeholders and the community to achieve net zero greenhouse gas emissions in the electricity and gas networks.

Supplementary recommendation 2:

That Evoenergy suspend expanding the gas network into new developments until low emissions sources of gas become available. This is for the purpose of limiting emissions in the immediate period while work continues on alternative energy options. Evoenergy can thus contribute to the immediate goal of reducing emissions in the 2021–26 period.

The Jury did not reach consensus on:

- whether it's ACT Government or Evoenergy's role to make this decision, or
- whether this was in the Jury's remit.

Our response—noted

We acknowledge that this recommendation was not agreed by all jurors.

In recognition of the split views in this recommendation, we are working in line with the intent of the ACT Government's Climate Change Strategy and, as such, our GN21 draft plan assumes that there will not be expansion of the gas network into new ACT developments in 2021–26.

However, over the course of the regulatory period, if there is a preference or requirement from the market (for example, a request from developers, builders, home buyers) for gas connections, we would examine any risks associated with investment and make a decision in the best interests of the consumer.

Supplementary recommendation 3:

Evoenergy to advocate for a carbon pricing mechanism.

Our response—noted

We recognise that a carbon pricing mechanism is an important consideration in working towards a net zero greenhouse gas emission network. We are a member of Energy Networks Australia which represents the energy distribution and transmission sectors on such issues.

Through Energy Networks Australia, we will continue to support and advocate for a national approach to clean energy policy.

ACT Government recommendations

We support the jury's decision to include recommendations to the ACT Government through the citizens' jury process. While it was not our intention for this to happen, it highlights the inter-connectedness and multiple responsibilities required to achieve the net zero greenhouse gas emission target by 2045.

Further to this, we note that two of the five recommendations for the ACT Government are similar to those for Evoenergy. We acknowledge that success here will require close collaboration between the ACT Government and Evoenergy. The citizens' jury recommendations also highlight that greenhouse gas mitigation is an issue that involves the whole community.

The recommendations have been provided to the ACT Government and we hope they will serve as a valuable account of community views and assist as they finalise their Sustainable Energy Policy for 2020–25 and develop a gas transition plan.

Recommendation 1:

Increase Government funding, assistance, subsidies and buy back schemes to encourage, ensure and assist with the transition from natural gas to electricity or from natural gas to other energy sources.

Recommendation 2:

Evoenergy and the ACT Government will jointly collaborate with other stakeholders to develop a communication plan to inform the ACT and NSW consumers about the transition, to facilitate Evoenergy's messages reaching out to the consumers and broader community.

Recommendation 3:

ACT Government to communicate the impact of its legislation for net zero greenhouse gas emissions by 2045, including, but not limited to:

- what does it mean? Natural gas supplied through Evoenergy's pipes is methane, which is a) a greenhouse gas, b) produces CO₂ which is also a greenhouse gas.
- does it mean no gas? Or alternatives? The public needs to be informed.
 - electricity—can the grid cope?
 - alternative gases—costs and impacts, the public needs to be informed:
 - a) by the government - social impact, timelines, cost, who pays?
 - b) by Evoenergy in terms of its effect on the network
 - No gas?
 - Can electricity grid cope?
 - Need for public information - re-education; recognition of cultural issues
 - Cost of decommissioning, who pays?

- What does this mean for Evoenergy?
 - Decommissioning
 - Redeploy, reeducate staff
 - Impact on customers outside ACT
 - Long-term, expensive project
 - Who pays?
- Alternative gas?
 - Which gas? Biogas (CO2 emissions, cleaning) enough?
 - Hydrogen
 - Expensive but Australia has land for more wind and solar to provide. It appears on the information provided to be the most possible
- What does this mean for Evoenergy?
 - Find supplier
 - Work with existing supplier to develop
 - Seek Government support for process

Recommendation 4:

A full cost benefit analysis for each option (full electrification or continuation of the gas network) be considered reflecting the community cost drivers, including but not limited to:

- infrastructure cost (new and retiring)
- household refit costs, and
- social and environmental benefits.

Recommendation 5:

Once costs are determined, consider all socio-economic groups, and generate impact statements to understand where costs can best be apportioned or attributed within the community.